هكذا من الاصل

FINANCIAL TIMES

No. 27,627 Thursday August 3 1978 **15p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 15; BELGIUM Fr 25; DENMARK Kr 3.5; FRANCE Fr 3.0; GERMANY DM 2.0; ITALY L 500; NETHERLANDS Fl 2.0; NORWAY Kr 3.5; PORTUGAL Esc 20; SPAIN Pta 40; SWEDEN Kr 3.25; SWITZERLAND Fr 2.0; EIRE 15p

NEWS SUMMARY

ENERAL

Revenge hreat rom Iraqis

aq has vowed to take revenge r attacks on its foreign institu-ons in what Baghdad believes an underground war between s agents and Yasser Arafat's atah guerrilla group.

Two gunmen wounded an aqi diplomat in Karachi in the test incident in what Iraq sees "battles" in a war of the ooks" (secret agents). One of e Karachi attackers was ayonetted to death.

In Paris, the three Iraqi curity men involved in onday night's shoot-out which ded with a policeman being lled, were expelled. Page 3

In London, two Arabs, a man nd a woman, accused of con-iring to murder the Iraqi mbassador, were remanded in ustody for a week. The 11 aqis ordered out of Britain left eathrow with one claiming their xpulsion was "an American-spired plot."

Operation for salmon victims

he two elderly couples who ave botulism food poisoning fter eating a tin of red salmon ave had throat operations in irmingham to ease their breath-g. The four's survival chances re rated no higher than 50-50.

Seven men were taken ill after ating salmon sandwiches at a agenham factory but botulism as been ruled out. The men re recovering.

Sun deadlock

ournalists at The Sun voted to eturn to work but the manage-ent said the decision was nacceptable because the ournalists had imposed condi-ions—the main one being that ey must be offered a roductivity agreement within even days.

Sanctions vote

he U.S. House of Representa-ives voted to lift trade sanctions gainst Rhodesia at the end of he year provided a new, freely-lected government is installed.

In the Commons, Mr. John Davies, Shadow Foreign Sec-etary, said he was opposed to ifting sanctions immediately but arned the Tories may oppose ny extension beyond November. Back and Page 9

Firemen die

Six firemen died when the roof of a blazing New York super-market collapsed, throwing them nto the flames below. At least 15 others were injured in the New York fire department's worst disaster for 12 years.

Free Bermuda

A Royal Commission has recom-mended that Bermuda, Britain's oldest colony, should be given its independence. The commission says that independence should be the main issue in the island's general election next year.

Train safety

The Commons was told that stricter safety measures are being imposed on sleeper trains following the Taunton rail disas-ter in which 11 people died.

Think Tank 'No'

A White Paper dismisses all the most controversial suggestions contained in a Think Tank report which called for major cuts in Britain's overseas repre-sentation. Back and Page 9; Editorial Comment, Page 18

Briefly . . .

Tokyo is to ration water after one of the hottest Julys on record.

London's population has fallen below 7m for the first time in 70 years.

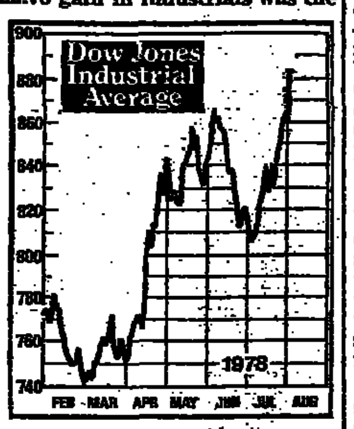
Wild boar which escaped from a farm was being hunted near Basildon, Essex, golf course.

Trade Secretary Mr Edmund Dell flew to China for talks on expanding trade and industry links.

BUSINESS

Wall Street high for year

● NEW YORK Stock Market surged in heavy trading to establish the Dow Jones industrial average at 883.49, a new high for the year. The 22.78 gain in industrials was the biggest daily advance since January 27, 1975. Dealers attributed buying to a belief that interest rates were at, or near, their peak. Turnover reached 47.47m shares. Pages 4 and 30



● EQUITIES paused after the sale by Allied Breweries of its 21.4 per cent Trust Houses Forte stake. The FT Industrial Ordinary Index eased from its noon figure of 498.4—the best this year—to end a net 0.2 down at 495.3. The FT Actuaries All-share Index however, moved nearer to its highest-ever level, to close 0.1 up at 226.72.

● GILTS traded quite briskly on hopes of a fall in MLR. The Government Securities Index closed 0.06 up at 70.84.

● DOLLAR remained weak in spite of Japan's internal prob-lems arising from the yen's rapid appreciation, and closed unchanged at Y186.30. Its trade-weighted depreciation was also unchanged at 9.2 per cent.

● STERLING closed 10 points up at $1.9280. The pound's trade-weighted index remained unchanged at 62.3.

● GOLD traded nervously, re-flecting dollar movements, to close $¾ up at $203¾. Trading was also restrained ahead of the IMF gold auction. The New York Comex August settlement was $202.60 ($201.40).

Scott Lithgow wins contract

● SCOTT LITHGOW, the lower Clyde shipyard, has won a £50m contract to build a North Sea emergency support vessel for British Petroleum. Back Page

● LAKER AIRWAYS chairman Sir Freddie Laker has been awarded the right to run Sky-train flights to Los Angeles at less than half present normal fares. Back Page

● WESTERN EUROPEAN chemicals producers are prepar-ing an anti-dumping case against North American styrene manu-facturers. They have also re-jected the latest U.S. offer in the Tokyo round of international trade talks. Back Page

● COSTAIN International has been awarded a contract in excess of £50m by International Military Services to build work-shop facilities in Iran.

● SAINT PIRAN, the mining and construction group, has been cen-sured by the City Take-over Panel for "regrettable lack of care" in its purchase of 1m shares in Orme Developments. Back Page

COMPANIES

● RFD GROUP pre-tax profits for the year ended March 31, 1978 rose 9 per cent. to £3.45m. Page 38

● GSI, a wholly-owned subsidiary of the Development Bank of Singapore, is expected to make a public offer of 25m of its shares before September. Page 24

Government seeks extra £2bn. over seven years

Bid to raise N. Sea tax revenue by 10%

BY RAY DAFTER, ENERGY CORRESPONDENT

THE GOVERNMENT is planning to raise a further £2bn in taxes from North Sea oil operators over the next seven years as a result of changes in the petroleum revenue tax outlined yesterday.

The extra revenue—equivalent to about a 10 per cent increase on currently projected oil taxes—will largely be drawn from fields which have yet to be brought on stream. For the Government is proposing to drastically reduce the amount of concessions allowed to com-panies before they are liable to payment of the tax.

Up to now companies have been able to charge 175 per cent of their capital expenditure against the tax — this is one reason the Government has so far not yet received a penny in revenue from this taxation in spite of big profits being reported for a number of fields.

However, if the Government survives to introduce the tax changes through a Finance Bill next spring, this allowance will be reduced to 135 per cent effective from yesterday.

Other proposed tax changes include an increase in the basic rate of petroleum revenue tax from 45 per cent to 60 per cent as from January 1, and a reduc-tion in another of the allowances provided to companies: as from the beginning of next year field operators will be allowed a pro-duction rate of only 500,000 tonnes a year before becoming liable for the tax instead of 1m tonnes a year as at present.

Mr. Joel Barnett, Chief Secretary to the Treasury, said that with petroleum revenue tax continuing to be deductible for corporation tax, the Government would increase public take by about £150m in the coming financial year. Whitehall was estimating that the total tax take between now and 1985 would be in the range of £20bn to £25bn.

Future

As a result of the proposed changes, the total tax take would rise to about 75 per cent of North Sea profits as against a present level of a little under 70 per cent.

Mr. Barnett added, however, that there was no intention of "clobbering" oil companies. The Government was seeking to ensure that the industry had reasonable assurances for future development and profitability. Companies exploiting economic-ally marginal fields could still be helped by the tax and corpora-tion tax concessions as well as by refunded royalties, if neces-sary.

However, the oil industry reacted strongly against the changes. Several companies in-dicated that they would have to re-evaluate development pro-grammes.

Esso, one of the biggest North Sea companies which has so far spent over £1bn, said the pro-posals would have a significant impact on anticipated income and a review of future projects costing many millions of pounds. It was disturbed by the plans particularly as the Government had promised a stable tax which would not be used as a short-term regulator.

Shell UK, its North Sea part-ner, which has also invested over £1bn on the UK Continental shelf, was greatly concerned about an additional tax burden, particularly as it was still some years away from an annual break-even position. Shell felt that the increased taxes would fall most heavily on future fields. As these would probably be less profitable than the early fields, a relaxa-tion in the tax burden probably would have been more fitting in the national interest.

UK Offshore Operators' Asso-ciation, representing North Sea companies, viewed the proposed changes "with utter amazement." Mr. George Williams, director general, commented: "We did not anticipate anything like this." The tax changes and other grow-ing State controls in North Sea activities could seriously affect industry confidence.

Coincidental with the tax announcement, the Department of Energy set out its final con-ditions for the next round of off-shore licences. Mr. Anthony Wedgwood Benn, Energy Secre-tary, said the conditions reflected the Government's aim in pro-viding the State with a fairer share of offshore resources.

Stake

Consequently, the Energy Department has rejected most of oil industry's objections to the sixth-round conditions.

British National Oil Corpora-tion will be operator for the exploration phase in six of the 46 blocks to be allocated in the North Sea, the South Western Approaches, the Celtic Sea and the Irish Sea.

Companies are to be invited to offer the corporation a greater stake than 51 per cent in licences.

They will also be asked to pay for some of the corporation's exploration and appraisal expenses.

However, as a concession to the industry, the Government has agreed that during the field development stage the corpora-tion will reimburse the com-panies and pay interest on the borrowed money.

Details Page 6 ● Parliament Page 9 ● Editorial comment Page 18 ● Lex Back Page

UK reserves up $193m. last month

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A SUBSTANTIAL AMOUNT of foreign currency flowed into the UK last month for the first time since the beginning of the year.

The Treasury announced yes-terday that the official reserves rose by $193m to $16.73bn (£8.7bn) during July.

After adjusting for repay-ment of official debt and new borrowing, the underlying inflow of foreign currency was $328m. This contrasts with a total outflow of $3.17bn in the previous four months.

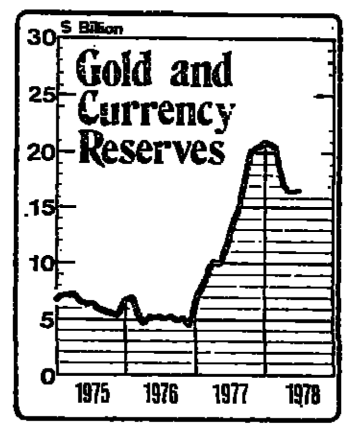
The change is largely explained by the renewed weakness of the U.S. dollar, which created a demand for sterling.

The Bank of England inter-vened regularly to restrain the rise in the rate. Nonetheless, the increase was 3.8 per cent against the dollar during the month and 1.6 per cent against a trade-weighted basket of other currencies.

Announcement of the figures made little impact on the foreign exchange market yes-terday. Sterling closed 10 points higher at $1.9280 and the trade-weighted index was unchanged at 62.3.

The underlying inflow was lower than earlier market esti-mates, which at one stage ranged up to $1bn. It became apparent earlier this week that this figure was too high, but even the actual inflows are unlikely to have been re-flected fully in the published reserves figures.

This is because there are likely to have been forward transactions delaying receipt of currency until later months. The published figures are nevertheless reassuring for domestic money markets, since they suggest that the pressures from abroad boosting the money supply have not been too large.



Debt repayment and new borrowing continue to offset underlying trends. Last month a total of $222m was repaid, including a small part of the UK's drawing from the Inter-national Monetary Fund and loans raised by the National Water Council and the Post Office. New borrowings last month amounted to $87m.

This is all part of the policy of spreading the burden of debt repayment away from the peak years of the early 1980s.

So far in 1978 the Govern-ment has undertaken, or announced, repayment of about $4½bn, out of $25bn due by 1985. New borrowings amounted to about $850m by the end of July.

The main repayment pending is of $1bn to the IMF, for which no date has been fixed.

£ in New York

—	Aug. 2	Previous
Spot	$1.9315-9330	$1.9210-9230
1 month	0.60-0.44 dis	0.45-0.39 dis
3 months	1.18-1.12 dis	1.04-0.98 dis
12 months	4.10-3.90 dis	3.95-3.75 dis

Paris air controllers call off work-to-rule for talks

BY DAVID CURRY

PARIS, August 2.

THE MAJORITY of France's air traffic controllers have called off their work-to-rule after the agreement of M. Joel le Theule, Transport Minister, to discuss their grievances on Tuesday.

Controllers in the vital Athis-Mons sector, which covers the Paris and northern region, met this morning and decided to seek a meeting with the Minister. They called off their action when this was arranged and the other three centres are almost certain to follow suit.

This means that air traffic could be back to normal over the weekend.

The 2,500 controllers, who take charge of aircraft flying above 11,000 feet in French air space, are demanding better pay and higher manning levels, and immediate investment in modern electronic aids to replace equip-ment which, they claim, is up to 15 years old and inadequate to handle safely present traffic volumes.

At three of France's four regional control centres—Brest, Bordeaux and Aix—controllers decided to resume their action if the Government did not agree to negotiate.

Now there seems enough common ground between Govern-ment and controllers at least to put together a temporary agree-ment, provided that safety takes priority over pay as the central theme of the discussions.

The Government has said that the 1979 budget will provide for substantial investment in equip-ment and that manning levels and working conditions will improve.

10% cancelled

The Government, mindful of the need to keep its incomes policy intact, will be unwilling to concede anything which can be interpreted as a clear victory on pay to the controllers. But, since the controllers have chosen to emphasise the safety aspects of their protest, they may find it difficult to resume action in the face of Govern-ment assurances about its concern to improve safety.

French airlines are claiming that the weekend stories of packed departure lounges and inflamed tempers exaggerated the true impact of the work-to-rule—at least as far as getting away from Paris was concerned.

Air Inter, the domestic airline, said it had to cancel little more than 10 per cent of its flights. Air France claimed that all its flights got away at least on the same day as scheduled and more than three-quarters of them within two hours of the planned time. However, this ignores the situation in the charter business, where long delays were much more frequent.

● Manchester's Ringway airport could be crippled by lightning strikes next week if an unofficial dispute involving 70 firemen is not settled. The airport, hit this week by the French air traffic controllers' work-to-rule, could face more chaos from Wednesday.

Ringway's firemen have been on a work-to-rule for the past week in a manning row but they have warned of lightning strikes if their demands are not met—action which would stop all passenger aircraft.

● Employees of Alitalia, Italy's national airline, will strike from noon to midnight over demands for better fringe benefits. All Alitalia flights from Rome airport will be cancelled and non-Italian airlines are expected to suffer delays because ground personnel as well as flight staff will be involved.

Negotiators failed earlier this week to reach agreement on union demands including over-time payments for employees working on some former national holidays which were abolished last year.

Stock Exchange 'anxiety' on insider ban

BY MARGARET REID

A CAUTIOUS note about the Government's plan legally to ban insider trading—the use of con-fidential information to make profits on share deals—has been struck by the Stock Exchange in its latest evidence to the Wilson committee on financial institutions.

The Exchange is expected to make a statement after a detailed study it is now conduct-ing of the Government's pro-posals in last month's White Paper, Changes in Company Law.

Its evidence says: "There is ground for some anxiety about the extent of the definition of 'insider' and about the effect of such legislation on the willing-ness of persons to give evidence, thus incriminating themselves or their principals."

In a joint statement with the City Take-over Panel in 1973, the Exchange recorded the view that insider dealing, properly defined, should be made a criminal offence.

Some Stock Exchange per-sonalities are worried lest the proposed legislation against in-sider trading should make it very difficult for directors to deal in their company's shares.

Details Page 6

Allied sells all shares in THF

BY KENNETH GOODING

THE LONG and often acrimo-nious dispute between Allied Breweries and Trust Houses Forte ended yesterday when Allied sold all its THF shares for £48.37m.

Nearly a quarter of the issued shares in THF, one of the world's major hotel and catering groups, was sold for around £57m within two hours yesterday morning by stockbrokers Cazenove and Co., with the total boosted because Sir Charles Forte took the opportunity to sell some of his personal holding at the same time.

The shares were placed in fairly small bundles among a wide assortment of institutions. The discount on the previous market price was less than might have been expected.

Allied's 21.499m shares were sold at 225p each, only 12p below the market price. Sir Charles probably collected a little less for the 4m shares he sold.

The association between Allied, the Ind Coope, Tetley and Ansells group, and THF, dates from October, 1971, when Allied made an unwelcome bid. At the time the THF board was split by internal strife.

The bid was unsuccessful but Allied kept the 25 per cent shareholding it had built up. Subsequently this percentage was reduced slightly when Allied did not subscribe to a rights issue in 1976.

Details Page 21
Lex Back Page

Sir Charles also bought shares in THF at the time of the bid and is reputed to have spent £8m. He collected roughly £9m from yesterday's sale and this will be used to pay off borrow-ings incurred when he was buying.

The dividend payments he has received would certainly not have covered the interest pay-ments Sir Charles has had to make on the borrowed money.

Allied, for its part, will not have to borrow so heavily to finance its £164m investment programme which is about half-way completed. It could be pay-ing around 12 per cent on its borrowings as against the 6½ to 7 per cent return on its THF investment Allied has been receiving in recent years in dividends—worth around £2.5m a year.

The stock market reacted favourably as far as Allied was concerned and its shares rose 2½p to 93p.

Both camps were insisting last night that the share sales indi-cated no lack of confidence in the future of THF. Sir Charles pointed out he keeps more than 8.5m shares (worth around £18m) and that he and his family—which between them account for well over 10 per cent of the issued capital—"continue to be totally committed to the group."

Mr. Keith Showering, chairman of Allied, said the timing of the sale was influenced by the healthy state of the stock market.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Excheq. 13pc 1980	£104½	+ ⅝
Treasury 12½pc '93	£101	+ ¼
Baker Perkins	114	+ 4
Brit. Commonwealth	29	+ 4
Brown and Jackson	19	+ 10
Eurotherm	16	+ 5
Ewer (G.)	43½	+ 3
Gnome Photographic	48	+ 4
Haima Invs.	83	+ 3
Hawker Siddeley	238	+ 6
Hoover A	292	+ 8
Kleinwort Benson	104	+ 6
Man Agency Music	82	+ 5
Negretti and Zambra	90	+ 6
Pochin's	149	+ 7
RFD	71	+ 3½
Shaw Carpets	44	+ 5
Sterling Credit	38	+ 4
Travis and Arnold	148	+ 7
Vaux Brews.	129	+ 9
Victor Products	165	+ 8
Wigfall (H.)	244	+ 6
Zenith Carb. A	99	+ 7
UC Invs.	262	+ 8

FALLS

Bourne Hollingsworth	205	− 8
Dixons Photographic	144	− 7
Mothercare	180	− 6
Thomson Org.	268	− 15
Trust Houses Forte	229	− 8
BP	838	− 12
LASMO	150	− 6
LASMO "Ops"	370	− 10
Oil Expln.	210	− 12
Shell Transport	562	− 10
Siebens (UK)	356	− 30
Tricentrol	172	− 10
Free State Geduld	£19½	− ¼
St. Helena	932	− 22
Selection Trust	436	− 6

CONTENTS OF TODAY'S ISSUE

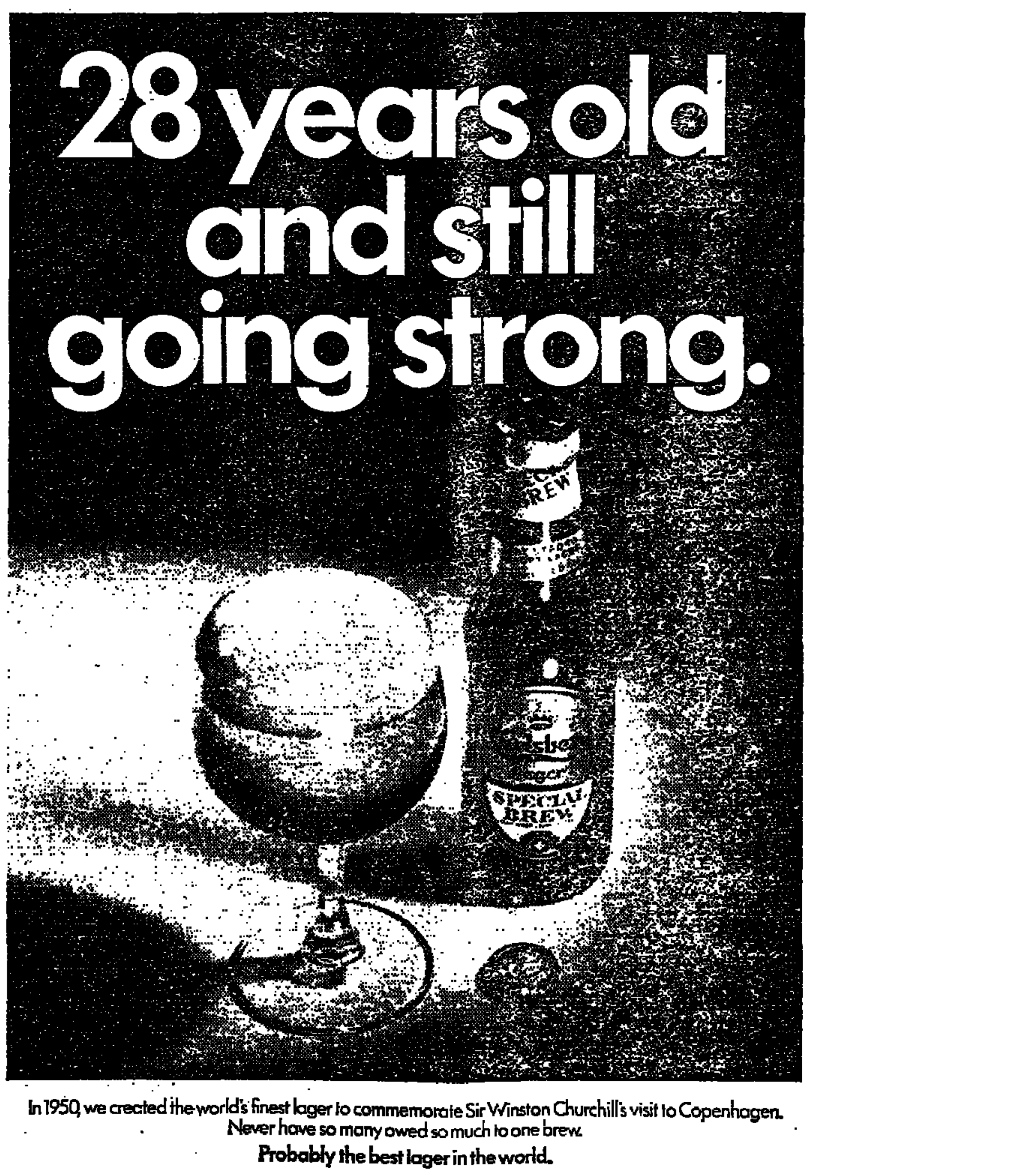
European news ... 2-3
American news ... 4
Overseas news ... 3
World trade news ... 4
Home news—general ... 6-8
—labour ... 8
—Parliament ... 9
Technical page ... 10
Marketing page ... 10
Arts page ... 17
Leader page ... 18
UK Companies ... 20-21
Mining ... 21
Intl. Companies ... 22-24
Euromarkets ... 22
Overseas markets ... 30
Money and Exchanges ... 30
Farming, raw materials ... 31
UK stock market ... 32

FEATURES

Herr Schmidt's economic package ... 18
Economic viewpoint: Put not your trust in Princes 19
Business and the Courts: When Banks are forced to pay up ... 16
Basque threat to changing face of Spain ... 2
S. Africa's urban foundation ... 3
French Pharmaceuticals ... 23
F.T. SURVEY
Alberta ... 11-15

Appointments ... 28
Appointments Advts. 26-27-28
Books ... 29
Business Opps. ... 2
Crossword ... 16
Economic Indicators ... 29
Entertainment Guide ... 16
Euro Options ... 30
FT-Actuaries Indices ... 32
Letters ... 19
Lex ... 36
Lombard ... 16
Men and Matters ... 15
Racing ... 16
Share Information ... 34-35
Today's Events ... 19
TV and Radio ... 16
Unit Trusts ... 33
Weather ... 36
Base Rates ... 30
INTERIM STATEMENTS
Baring Bros. ... 23
Refuge Assurance ... 25
ANNUAL STATEMENTS
Chesterfield Props. 25
Fodens ... 20
Imp. Cont. Gas ... 25
Takeda Chem. Inds. 24
Warnford Invests. ... 21

For latest Share Index 'phone 01-246 8026



EUROPEAN NEWS

Italian Communist leader warns on left-wing rift

BY PAUL BETTS

ROME, August 2.

THE POWERFUL Italian Communist party is increasingly alarmed over the deepening rift now becoming apparent inside Italy's left-wing forces.

In a rare interview published here today, Sig. Enrico Berlinguer, the Communist leader, unambiguously expressed his concern over the growing split between his party and the Socialists.

This split represents one of the most significant political developments here in the past weeks.

The Communist leader warned today that such a rift could seriously weaken the left wing parties as a whole, and said he was "disturbed" by the new line adopted by the Socialist secretary general, Sig. Bettino Craxi.

Since their surprising electoral recovery in recent local polls, the Socialists have increasingly sought to express their autonomy and independence from the Communist party (PCI), and indeed have questioned the political ideology of the PCI.

During the kidnapping of Sig. Aldo Moro, the former Christian Democrat president, the Socialists openly went against the Communist line of "no surrender" to the terrorists and controversially urged the Government to negotiate the release of the Christian Democrat statesman.

The Socialists have now joined forces with elements within the Christian Democrats and the small but influential Republican Party in demands for a parliamentary enquiry into the whole Moro affair.

In regional administrations like Venice run by Communist-Socialist juntas, the Socialists have gone as far as openly splitting with their Communist allies.

The Socialists, Italy's third largest party, now appear to be moving towards an overture to the ruling Christian Democrats, who, while not committing themselves openly so far, clearly find a possible centre-left alliance with the Socialists an attractive alternative to the present coalition including the Communists.

But the ruling party, following its national congress over the weekend, still sees this as a longer term alternative and is not likely to seek a direct confrontation with the Communists at this stage.

Sig. Berlinguer in his interview today attacked the capitalist system, rejected the concept of a Left alternative for Italy but reiterated his own formula of the "compromesso storico" or grand alliance of democratic forces, defended Leninism but stressed the European vocation of the PCI, and warned the minority Christian Democrat Government that the PCI would drop out of the majority should the Government delay activating the all-party programme agreed last March.

After the delays caused by the Moro affair and the subsequent elections of a new president of the Republic, Sig. Giulio Andreotti, the Prime Minister, is anxiously attempting to rush through some of the major aspects of his programme and so mute Communist criticisms.

The Government has already proposed a new Bill to salvage Italy's troubled industries. Parliament has approved the controversial Amnesty Bill for minor offences, the construction market recovery plan has been approved, and tomorrow Sig. Andreotti will meet representatives of the main parties supporting his administration to discuss the 1979 budget and the Government's three-year plan.

Spanish riot police lead away their prisoners after a recent pro-Basque demonstration in San Sebastian.

Basque threat to the changing face of Spain

DAVID GARDNER in Barcelona reports that recent assassinations, apparently by the Basque ETA movement once again raise the spectre of intervention by the military disrupting the transition to democracy in the country.

THE BASQUE COUNTRY has spent most of the past 40 years out of step with the rest of Spain, but never more dangerously so than now, following the violence set in motion by the storming of Pamplona's bull-ring on July 8 by riot police. It culminated in the assassination of two Army officers in Madrid on July 21, the very day when the Cortes finally approved the country's new Constitution. These killings once again raised the spectre of intervention by the military disrupting Spain's transition to democracy.

These dates serve to crystalise the Basque country's "separate development" during the past 40 years. In 1937, Bilbao fell to the Nationalists, and in the Euphoria of victory, Franco constitutionally anathematised the Basques, declaring the two northern provinces of Vizcaya and Guipuzcoa "the traitor provinces."

In the years that followed, this meant systematic humiliation for the Basques—political repression, cultural discrimination and, above all, the hostile presence of the para-military police forces—the Guardia Civil and Policia Armada—regarded in Nationalist demonology as the "forces of occupation," since they are recruited almost exclusively from outside the region.

This policy of treating the Basque country as a separate entity met its logical counterpart with the creation, in 1959, of the nationalist guerrilla organisation ETA (Euzkadi ta Askatasuna—Freedom for the Basque Nation). The Francoist victory had left the Basque Nationalist Party (PNV) and the Socialist Party (PSOE) — both traditionally strong in the Basque country—political invalids. The one force retaining a nucleus of organised opposition, the Spanish Communist Party (PCE), was still suffering from its failure to produce the definitive general strike.

In this vacuum, ETA launched its "war of national liberation," eventually becoming the one serious armed threat to the Franco regime. In December 1973, Admiral Carrero Blanco, Franco's Premier and political executor, was assassinated in a spectacular explosion in Madrid.

The third crucial date was December 1970, when 16 ETA members were court-martialled at Burgos. The regime's attempt to crush ETA by force brought thousands into the street both nationally and internationally, and won ETA a consensus of tacit sympathy among the Basques.

At the same time, the mass strike and the street demonstration, the barricade and the Molotov cocktail, put in their first serious appearance. This boosted the development of a powerful, if divided, radical and nationalist left, while discrediting the ETA strategy of minority terrorism. And with the first signs that the expansion of the Spanish economy was beginning to falter, labour conflicts came to contribute increasingly to the Basque country's instability.

When Franco died in November 1975, the Basque country had spent six months under a state of emergency—an ill-concealed war of attrition against the Basques which made shooting policemen respectable again. An additional development was the appearance of the so-called "uncontrolled elements": neo-fascist commandos acting as police auxiliaries, and terrorising the local population.

The Government of Sr. Carlos Arias, in power from Franco's death to July, 1976, and the first administration of Prime Minister Adolfo Suarez which governed until last June's elections, reacted slowly to Basque nationalism. When it seemed that the unrest would spread to the rest of the country the Government reverted to the use of force. In April, 1976, five people were killed when police attacked strikers in Vitoria. The putting down of last May's general strike in favour of an amnesty for political prisoners left seven dead.

The success of the PNV and PSOE in the June elections, the long-awaited amnesty, the repealing of the notorious "traitor provinces" clause in the old constitution, and the setting up on a provisional basis of the semi-autonomous Basque General Council at the beginning of this year, all combined to take some of the heat out of an inflammatory situation. But these measures have evidently not been enough to avoid this latest and most dangerous explosion of violence.

There are a number of new and disturbing elements in the present situation: Police action of the sort witnessed in Pamplona, or when a company of riot police sacked the town of Renteria on July 13, has formed part of the paramilitary forces' stock-in-trade. But this was the first occasion on which police officers blatantly countermanded the orders of their superiors, in these cases the civil governors of Navarra and Guipuzcoa respectively.

Another disturbing element is that the military wing of ETA has branched out from its staple diet of killing policemen, industrialists, "uncontrolled elements," and recalcitrant ex-members. Recently it has shot dead a prominent journalist, and, on the available evidence, two senior army officers. At the same time, the radical left-wing and nationalist parties which have repudiated ETA's violence, and instead organised 16 general strikes since December 1974, are in their turn being repudiated by growing numbers of Basque young people, who in the present climate find ETA's methods much more simple and attractive.

Also disturbing was the place and time of the recent disturbances. They were timed to coincide with attempts by the major political parties to secure an easy passage through the Cortes for the new constitution, with a minimum of fuss and polemic.

The place—Pamplona—is the capital of the province of Navarra. Traditionally, this province has been a right-wing stronghold, but in the past five years, a vociferous radical left has also emerged there. Whether it will form part of an autonomous Basque country has still to be decided, and in consequence the extremists of both left and right still have everything to play for.

Against this violent background, the constitutional debate was the framework within which attempts were made to defuse the situation. The PNV insisted on recognising historic Basque rights, and leaving the way open to an eventual federal solution. The PSOE meanwhile insisted on the urgent need for the Basque General Council to be given real powers, and in particular, power over the police.

The Government's mistrust of the PNV's intentions was reinforced by the armed forces, trained to regard the preservation of national unity as their most sacred task. It appears to have been more than coincidence that the governing Union of the Democratic Centre should have reneged on the agreement they had concluded with the PNV, in an attempt to extract an unequivocal commitment to the unity of Spain as enshrined in the constitution, shortly after the army chiefs of staff met.

The Government cannot in any case be seen accepting proposals, which in a tougher form are among ETA's conditions for a ceasefire. ETA for example, demands the withdrawal of the police from the Basque country, while the PNV, the PSOE and the PCE want to see the police under local control and made up of Basques. The difference is important but easily obscured.

With democratisation ultimately dependent on its acceptance by the armed forces and sections of the military allegedly itching to occupy the Basque country by force, the Government is either unwilling or incapable of giving the Basque country exceptional treatment in order to pull it back into step with the rest of Spain. But precisely to avoid the danger of separation, the Basques need to be treated as a separate case.

The Government is again putting its main effort behind the police solution that has consistently eluded its predecessors. Significantly, it has enlisted the help of a West German anti-terrorist expert, who it hopes will suggest ways of making inroads into ETA's operational capability. But the Basque problem is a great deal more complex than ETA, and ultimately requires a political solution. One policeman I spoke to recently, who after three years in the Basque country, one gunshot wound and one near miss, said he would resign if sent back. He summed up the reasons bitterly: "The Government doesn't have a policy in the Basque country—it has us. And we have to take the consequences."

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription $300.00 (air freight) $360.00 (air mail) per annum. Second class postage paid at New York, N.Y.

هكذا من الاصل

EUROPEAN NEWS

France expels three Iraqi envoys held after shoot-out

BY ROBERT MAUTHNER

PARIS, August 2.

IE FRENCH Government day expelled three Iraqi plomats who were arrested by lice two days ago, after taking rt in a gun battle outside the aqi embassy in which one lice officer and an embassy curity guard were killed and o policemen were injured.

The decision was taken by the rench Cabinet today after a otest meeting last night by undreds of detectives who arched to the Interior Ministry manding immediate retaliary steps by the Government.

The police, backed by some lling evidence provided by ench television film, claimed at Iraqi security guards had liberately fired on them as ey were leading a Palestinian rrorist to a car outside the aqi embassy. Before surrenring, the gunman had kept ght people hostage in the abassy throughout the day.

A communique today from M. aymond Barre, the French ime Minister, corroborated the lice version of events. It said e three arrested members of e embassy staff, an attache and o first secretaries, had taken rt in the gun battle. Since ey benefited from diplomatic imunity no legal action could taken against them in France. ne French Government, however, demanded that they be charged by the legal authorities in Iraq.

The Government spokesman said after today's Cabinet meeting that President Giscard d'Estaing considered that the outrage of the police at what had happened was perfectly understandable. Unfortunately the French authorities' hands were tied by international regulations regarding the treatment of diplomats.

Though the Government's statement was accompanied by warm praise from M. Christian Bonnet, the Interior Minister, for the way the police had carried out their duty, it only partly satisfied the police. Their union described the statement as a belated reaction and called for other members of the Iraqi embassy to be expelled.

Mr. Mundhir Tawfik al-Wandawi, the Iraqi Ambassador to France, who yesterday claimed that the shooting had been started by an accomplice of the terrorist inside the embassy, said today that no instructions had been given to his embassy guards to open fire. It has been assumed here that the guards were trying to shoot the terrorist as he was being escorted to the car, but that they then lost their heads and started firing indiscriminately.

If the French Government has confined itself to expelling only three Iraqi diplomats it is clearly because it does not want to undermine permanently its relations with Baghdad. Iraq is France's second biggest supplier of oil after Saudi Arabia and the two countries also have an important nuclear co-operation agreement. The indications are that the Interior Ministry wanted the Government to take tougher steps, but that the Foreign Ministry was anxious not to blow up the affair.

Simon Henderson reports from Islamabad: One terrorist was killed and two other people were injured in Karachi today when two gunmen opened fire on the Iraqi consulate general soon after it opened. Police guards at the building scuffled with the terrorists and one of the gunmen fell dead from bullet wounds. A policeman was critically injured and an administrative officer from the consulate was also hurt. The surviving attacker was arrested.

The attack is thought to be part of an inter-Arab feud similar to recent incidents in Paris and London.

Guards on Iraqi premises in Karachi and in the capital, Islamabad, have been strengthened.

Turkey warns on arms move

BY METIN MUNIR

ANKARA, August 2.

R. BULENT ECEVIT, the urkish Prime Minister, has acted with mixed feelings wards the repeal of the arms nbargo by the U.S. House of epresentatives. He has pressed fears that the contions attached to the repeal ight undermine the smooth velopment of Turkish-merican relations and make the ttlement of the Cyprus estion difficult.

The initiative of President arter and most Congressmen ad shown that "a positive mosphere exists for co-operaon between Turkey and the S. to their mutual benefit," id Mr. Ecevit in a written statement issued here today.

It is understood that Mr. evit fears the conditions relatg to Cyprus may be exploited the Greek side to make ouble during future disbursement of U.S. military and onomic aid to Turkey.

Mr. Ecevit refrained from mmenting on the hope pressed by President Carter ter the House vote, that lifting e embargo "will soon make ssible the reopening of our ilitary installations in Turkey." These installations, said to be e most advanced land-based ilitary surveillance network in e world, were shut down by Ankara three years ago in retaliation for the embargo and placed under Turkish army commanders.

Only one, the nuclear equipped strategic air base of Incirlik, near the Syrian border was permitted to carry out its duties but these were restricted to the performance of NATO activities. At the rest, U.S. servicemen stayed on to maintain the sensitive equipment.

The secret negotiations which have been in progress recently on the fate of these bases are now expected to continue in a more relaxed atmosphere.

Informed sources say that Mr. Ecevit's left-of-centre administration will allow only two of the seven key installations to resume their activities. The rest would either be dismantled or turned over to the Turkish army.

These two are Sinop on the Black Sea and Pirinclik in the east. The most vital of the seven, both are said to be essential for the effective functioning of the SALT agreement. They would suffice for the monitoring and surveillance needs of the U.S.

Before being shut down the U.S. bases monitored Soviet naval movements in the Mediterranean and the Black Sea and eavesdropped on Soviet nuclear explosions and missile launches.

Also due for discussion soon is the question of drafting a new defence agreement to replace the one Turkey unilaterally abrogated when it shut the bases. The most crucial issues in this will be the status of the bases and the amount of military aid to be transferred by Washington to Turkey. The bases, however, are expected to resume their duties before the negotiations on this treaty are completed.

Our Nicosia correspondent adds: The Cyprus Government today expressed "bitterness, indignation and deep disappointment" to the U.S. over the decision to lift the arms embargo on Turkey. The Foreign Ministry called in Mr. Galen Stone, U.S. ambassador to Cyprus, to express the Government's feelings.

But while registering its strong disapproval, the Government expressed hopes that the conditions attached to the move by the House of Representatives would be fulfilled and would help in the search for a Cyprus settlement based on United Nations resolutions. The Government stressed that the Carter Administration and the U.S. Congress were now assuming "enormous responsibilities and obligations" towards Cyprus and the region.

Journalists defy Moscow court

BY DAVID SATTER

MOSCOW, August 2.

OVIET OFFICIALS have rved a summons on two U.S. urnalists who have defied a oscow court order to publish tractions in their newspapers ter losing a slander case rought against them. The legal adline for printing the retracons in the New York Times and altimore Sun expired today.

There was no indication, hower, what further action would e taken against Mr. Craig Whitey of the New York Times and Ir. Hal Piper of the Baltimore un, who have also been dered to divide court costs of s2,289 (£1,800) between them.

Judge Lev Almazov, who heard ne civil suit brought against the orrespondents by the Soviet tate Committee for Radio and elevision in the two men's bsence on July 18, said that he had expected the New York Times and the Baltimore Sun to publish retractions.

"I was quite sure on the very last day there would be something," he said. "I didn't think a correspondent would break the law. Somehow it doesn't seem fitting."

Both the New York Times and the Baltimore Sun have said they will refuse to publish retractions of stories by Mr. Whitney and Mr. Piper quoting dissident sources as saying that the nationally televised recantation by Mr. Zviad Gamsakhurdia, a Georgian dissident, may have been fabricated.

Mr. Gamsakhurdia, who was sentenced to three years' hard labour and two years' exile after being convicted of anti-Soviet agitation last May, made a surprise appearance at the civil court hearing and affirmed that the televised interview corresponded to what he had said.

The Baltimore Sun has said it is prepared to pay Mr. Piper's court costs and whatever fines he may incur.

Mr. Almazov said that the next step must be decided by a Soviet court at a hearing. He added, however, that he considered the ruling to have been humane and said that the correspondents would have been dealt with more severely in either the U.S. or Britain.

Under Soviet law, the court can impose fines of Rs50 (£38.50) each time the correspondents fail to meet the deadline for retractions. These fines can be imposed up to Rs300. Soviet legal sources said that the State Committee could also seek to have its denial printed as an advertisement in the New York Times and the Baltimore Sun and seek the costs from Mr. Whitney and Mr. Piper.

Meanwhile, Mr. Jay Crawford, the Moscow representative of the U.S. company, International Harvester, returned to the Lefortovo KGB investigative prison today for more questioning in connection with accusations of currency speculation.

Mr. Crawford was dragged from his car on June 13 and arrested—in a move apparently linked to the arrest of two Soviet United Nations employees on charges of espionage. He was held at Lefortovo for two weeks during which time he was interrogated almost daily before being called in for renewed questioning this week. Mr. Crawford has declined to discuss the contents of the interrogations.

Spy exchange proposals

VIENNA, August 2.

HE SOVIET UNION wants at ast three Communist spies etained in the West to be vapped for the jailed Russian issident, Mr. Anatoly Shcharansky and other Jewish activists, ources bargaining for his release aid today.

Negotiations were at an dvanced stage for Mr. Shcharansky—convicted of spying for the IA by a Moscow court last onth—to be exchanged for an merican held in a U.S. jail and wo East Germans detained in Vest Germany, the negotiators aid. They declined to name the pies, saying details of timing nd place of the three-way swap vere still being worked out.

In addition to Mr. Shcharansky, Western negotiators have been promised that five or six Russian jews detained or exiled in the Soviet Union will shortly receive exit papers allowing them to emigrate to Israel. Mr. Shcharansky, a prominent member of the "Helsinki Group" set up in the Soviet Union to monitor Moscow's fulfilment of its human rights pledges, was sentenced on July 14 to 13 years in jail and labour camp for treason and anti-Soviet agitation after a trial that sparked widespread publicity in the West.

Reuter

Danish trade balance better

By Hilary Barnes

COPENHAGEN, Aug. 2.

A 21 PER CENT fall in imports of agricultural input goods nd a 29 per cent rise in agricultural exports accounted for our-fifths of the improvement n Denmark's trade balance in he first half year, according to Bureau of Statistics figures.

The trade deficit fell from DKrDKr 10bn, last year to DKr 7.6bn this year. Total exports rose 8.7 per cent to DKr 32.24bn and imports by 0.5 per cent to DKr 39.88bn.

Exports of livestock products rose 21 per cent or DKr978m o DKr 5.63bn, including a 25 per cent increase in pigmeat exports to DKr 2.22bn.

Portugal Socialists meet to consider alliance policy

BY JIMMY BURNS

LISBON, August 2.

PORTUGAL'S political crisis remained in the balance tonight, with as yet no firm signs that the Socialists and the Conservative Christian Democrats (CDS) might agree to a new alliance.

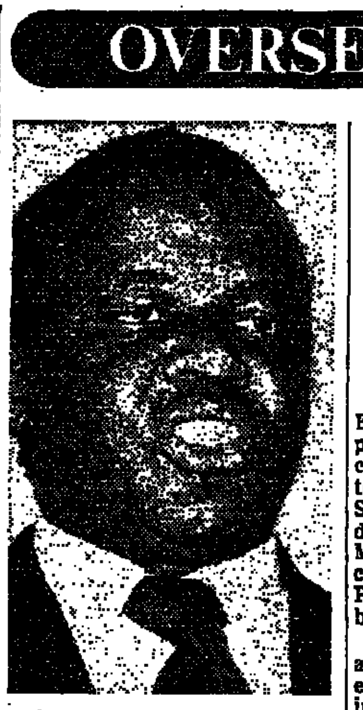
Such an agreement was strongly indicated as the most viable solution by President Antonio Ramalho Eanes in a speech to the nation last night. The President warned that if Portugal's political leaders did not come to agreement by this weekend, he might have no alternative other than calling a general election before the end of this year.

Following a favourable CDS reaction to the presidential speech this morning, the Socialist Party's national council met for over eight hours today, without deciding on a policy statement.

The CDS, whose withdrawal from the Government last week led to the collapse of a s ix-month-old alliance, appear to have skilfully turned the crisis on its head. Conservative leaders said today that they bad already stated their conditions for the patching up of the alliance. They added that it was now up to the Socialists to make a "positive" move.

The Socialist Party is believed to be divided on whether or not to agree to the conservative demand that key ministries, such as Agriculture and Health, should come under a different political leadership.

OVERSEAS NEWS



Mr. Ndabaningi Sithode

Sithole defends raid over border

By Tony Hawkins

SALISBURY, August 2.

THE Reverend Ndabaningi Sithole tonight became the first black nationalist member of the transitional Government publicly to defend Rhodesia's weekend raid into Mozambique.

Speaking in a radio and *television interview*, Mr. Sithole — whose party had earlier this week described the raids as "ill-advised and disappointing" — said the strikes against ZANLA guerrilla bases had been necessary since external forces were bent on wrecking the March 3 internal accord.

"Sometimes we have to do things that we don't like," the ZANU leader said, adding that now the principle of majority rule had been conceded it was "our duty to defend that principle."

It was not a matter of "agreeing or disagreeing" with the strikes into Mozambique, he said. "We have created a democratic process, but there are forces outside this country who would like to disrupt that democratic process."

The raids were the first strikes across the border to be carried out since the establishment of the interim government in March this year.

Mr. Sithole said also that it was the task of the Rhodesian security forces to defend the political leadership against assassination attempts reportedly planned by the Patriotic Front of Mr. Joshua Nkomo and Mr. Robert Mugabe on Mr. Sithole himself, Bishop Muzorewa, Mr. James Chikerema, and Chief Jeremiah Chirau.

Mr. Sithole said he agreed *with Lt-Gen. Walls, commander* of the Rhodesian security forces, that the ceasefire was not progressing rapidly enough.

But he insisted "there is no doubt that real progress is being made." He said that former guerrillas were now operating on the side of the transitional Government and controlling vast areas of Rhodesia.

The leader of ZANU's domestic wing agreed that a ceasefire was important as a preliminary step to the holding of one-man-one-vote elections in December, but a complete cessation of hostilities would not be necessary.

Earlier today Mr. Ian Smith, the Rhodesian Prime Minister, told Parliament that even if the war continued at its present level, elections would be held. He was hoping for a significant de-escalation of the war by December, but even if this were not achieved the Government was determined to press ahead with its election plans.

Meanwhile a new cisis has erupted in Bishop Muzorewa's United African National Council, with four senior members of his executive announcing their resignations because of the Bishop's "inept" leadership.

The four men complained at the failure of the transitional government to end the war, and to eliminate racial discrimination, and are going to urge other members of the party to force the Bishop to withdraw from the transitional government.

However, political observers here believe that the Bishop will head off this latest challenge to his authority, since the party is now too deeply committed to the Salisbury accord to be able to pull out and retain any credibility.

France, Algeria jointly look at Western Sahara

BY DAVID CURRY

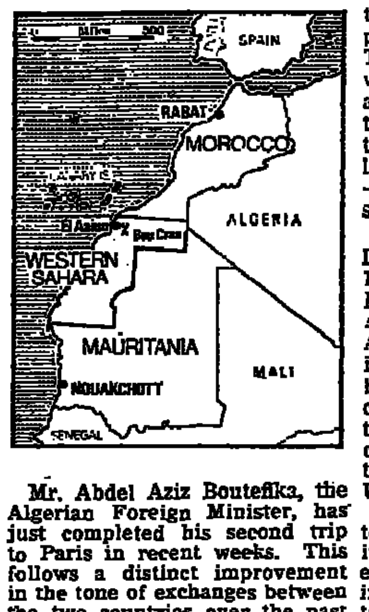
PARIS, August 2.

FRANCE and Algeria are multiplying their diplomatic contacts to try to find a solution to the problem of the former Spanish Sahara, currently divided between Mauritania and Morocco, whose control is being challenged by the separatist Polisario movement of Saharans backed by Algiers.

The way has been cleared for a peaceful settlement, apparently, by last month's overthrow in a military coup of the Mauritanian leader, Moktar Ould Daddah, to whose assistance France had come with military aircraft and logistics.

The new regime has indicated that it has had enough of the war, which has imposed heavy strains on Mauritanian manpower, and threatened the security of its iron-ore deposits, which are essential to its economy. Two Ministers were recently in Paris to consult with the French Government.

France and Algeria, as the "patrons" of the opposing sides —the French also sustained the Moroccans—are central to the negotiations. Indeed, relations between France and Algiers, always fragile and highly charged, deteriorated badly because of the guerrilla war, notably the detention on Algerian soil by Polisario fighters of French hostages from the Mauritanian iron-ore mines, *which lie within the original* Mauritanian colonial fronteir.



Mr. Abdel Aziz Boutefika, the Algerian Foreign Minister, has just completed his second trip to Paris in recent weeks. This follows a distinct improvement in the tone of exchanges between the two countries over the past months.

As he left the Elysee yesterday Mr. Boutefika commented that there was a "dynamic for peace," and he went out of the way to praise France's posture as a mediator as "the role we have always conceived of for France in the region."

He gave no clear idea of what solution might be in the offing, *though he referred several times* to France's support for Mauritania's 1960 frontier and for the principle of self-determination. This implies that Algeria envisages some form of Saharan autonomy. He also commented that it would be up to France to persuade Morocco to fall into line with any proposed solution —a task which may be easier said than done.

To-day the President of the Ivory Coast, M. Houphouet-Boigny dubbed by the French Press as "the wise man of Africa," is at theElysee, and Africa," is at the Elysée, and it is thought that he will be brought into the Saharan discussions because of his role in the West African francophone community and his influence in the Organisation for African Unity.

France would undoubtedly like to settle the Saharan problem, in order to reduce its recently-expanding military commitments in Africa and, just as important, to improve its relations with Algeria. Although Algeria is no longer the primary trading partner it once was (Algeria's commercial relations with Washington are now more important than those with Paris), the commercial links are still considerable. In addition, relations with Algeria have a particular, almost psychological importance in France, because of the personal *links established through the* long period of colonialism.

Yen climbs to eighth consecutive record high

By Robert Wood

TOKYO, August 2.

THE YEN climbed by 2 per cent on the Tokyo foreign exchanges today setting a new record high for the eighth consecutive session. The dollar touched Y184.30 before closing at Y184.70, down Y3.30 from Tuesday.

Mr. Toshio Komoto, Japan's International Trade and Industry Minister, called on the bank of Japan to intervene more actively on the foreign exchanges to cope with the yen's rapid appreciation.

In another development, Mr. Takeo Fukuda, the Prime Minister, called a meeting of the Cabinet's Council of Economic Ministers for September 2 to decide on additional measures towards cutting trade surpluses and achieving 7 per cent real economic growth.

One British banker based here commented on today's yen rise: "The dollar frankly presents all the symptoms of being totally out of control at the moment in the same sense that sterling was in crisis about two years ago."

Turnover today was $647m. The Bank of Japan was reported to have avoided intervening for the third successive day. It was unclear who was buying the dollar at the new lower rates, although some profit-taking by *the western banks who bought* earlier in the yen's rise was reported.

"Nobody at the moment is holding dollars for a day more than they have to," a foreign banker said.

It seemed certain that the dollar was oversold and many institutions were holding less than they would later need for transactions. Most traders appeared to believe, however, that the dollar's collapse would continue until the U.S. took new policy initiatives and that those initiatives would not come soon. Thus many, especially in Non-Japanese banks, expect to be able to buy dollars later at an even lower rate.

In the collapse of Sterling in 1976, the pound fell from $2.05 to $1.55 before rebounding sharply when the International Monetary Fund announced a support package. Many traders made money on the decline, but many others were caught severely oversold and lost money on the pound's recovery.

Japan showed more anxiety about the effects of the yen's rise today than it had so far in the yen's current explosion upward. The Tokyo Dow-Jones average plunged 34.59 points, and export oriented stocks were especially hard bit. Officials of the National Tax Administration agency promised a large-scale investigation of possible tax evasion in foreign exchange gains and a survey found that producers in about half the Japanese districts that specialise in small-scale exports *said they* would have to go out of business if the yen remained above 200-to-the-dollar.

The survey indicating bankruptcies for small-scale exporters was the latest of a series published by the Ministry of International Trade and Industry since the yen began to climb last year. Many small-scale companies had predicted bankruptcy at exchange rates as low as 250-yen-to-the-dollar. Generally small-scale exporters have proved remarkably resilient.

EPLF withdraws from two Eritrean towns

BY DAN CONNELL

KHARTOUM, August 2.

THE Eritrean People's Liberation Front (EPLF) says it has voluntarily withdrawn from two key Eritrean towns in order to mount offensive operations against Ethiopian government forces, according to the EPLF's Khartoum spokesman.

The EPLF has pulled out of the Red Sea Port of Massawa and the important inland town of Decamare as well as other smaller positions in the face of a massive Ethiopian build-up in the Red Sea territory which had effectively placed them on the defensive over wide areas, the spokesman said here.

This is the first time the EPLF has yielded territory won from the government in more than three years. It follows a series of Ethiopian victories against the other main independence movement, the Eritrean Liberation Front (ELF) over the past two weeks.

The EPLF spokesman insisted that the withdrawals were not taken under direct Ethiopian military pressure, but he conceded that Ethiopia's penetration of ELF areas had substantially increased the pressure on EPLF defences.

The spokesman termed the moves "tactical withdrawals" and said that they would permit the EPLF to consolidate its defence of its main base area while freeing large mobile forces to attack the government's now extended supply and communications lines.

Ethiopia claims to have driven the EPLF out of Massawa and Decamare, and last night announced that it had taken Adi Caieh from the EPLF.

IMF team for Sudan

BY ALAN DARBY

KHARTOUM, August 2

THE International Monetary Fund (IMF) is to send a team to Sudan to assess damage to crops resulting from last week's floods which have affected 1.5m acres of the country's main cotton and food growing area. The IMF's mission's visit could lead to the Fund granting emergency balance of payments support.

The extent of the damage to crops remains largely unassessed. Much of the land preparation work on fields which should now have been planted with cotton was destroyed by the floods and it is not clear when planting can begin. Cotton accounts for about two-thirds of Sudan's foreign exchange earnings.

The immediate problem facing the flooded areas is health. Cases of gastro-enteritis are being reported and flood victims have been bitten by poisonous snakes.

Kuwait sees sharp budget cutback

By David Habakkuk

THE KUWAITI budget for 1978-1979, announced this week, plans for a sharp curbing of expenditure. This reflects the Government's growing concern to economise in the wake of the long-term decline in the country's budgetary surplus, exacerbated in the last year by anxiey over the dollar's decline.

Projected public expenditure for the year to the end of June, 1979, is KD 1.950m (£3,728m), 1.9 per cent down on last year's projected KD 1988m. With inflation over the past year estimated unofficially at some 15 per cent, this represents a sharp spending cut in real terms.

In real terms there has also been a significant decline in anticipated revenue, which is KD 2,301m for 1978-79 (excluding interest from overseas holdings), as compared with last year's KD 2,272m. Oilrevenues continue to provide some 95 per cent of anticipated revenue.

However, following the sharp successive falls in Kuwait's budgetary surplus after 1975, this year's projected surplus is slightly up, at KD 352m, as against KD 285m anticipated for last year. Of this KD 230m—10 per cent of total revenue—is to be invested, as laid down by law, in the constitutionally inviolable Reserve Fund for Future Generations.

Kuwait now estimates its revenue losses from the decline of the dollar since the end of 1976 at $500m.

SOUTH AFRICA'S URBAN FOUNDATION

Foreign loans will aid townships

BY BERNARD SIMON IN JOHANNESBURG

THE URBAN FOUNDATION, a group formed by prominent South African businessmen in 1976 to improve life in black townships, has raised two foreign loans totalling SwFr 8m (£2.3m). The money will be used as bridging finance for the construction of about 700 houses for mixed race people in Western Cape and for blacks in Soweto.

The banks providing the funds are Bank Leu of Geneva (SwFr 5m) and Kleinwort Benson (SwFr 3m). The loans have a maturity of three years, and carry an interest rate of 7 per cent. They are guaranteed by several of the large companies which have already donated money to the urban foundation.

Total promised contributions to the foundation now amount to some R16.5m (£9.7m) of which over R4m has already been donated. Sixty companies have given money to the foundation. These include Anglo-American and De Beers (each of which have promised R2m, Barclays Bank (R1m), Shell (R300,000), Mobil (R250,000), Unilever (R200,000) and several other subsidiaries of British, U.S. and European concerns.

By last month, the foundation had started work on 95 projects. Its main priority is housing. Besides assisting in home design and construction, the foundation has set up a home improvement fund, which lends money to township residents, especially the relatively well-off, to improve their homes.

The foundation has taken a leading part in encouraging the Government to recognise the permanence of black city dwellers, and it helped formulate this year's legislation providing for 99-year leases for township homes. Mr. Justice Steyn, director of the foundation, says that once this legislation has been implemented and the demand for such leases assessed, the foundation will consider raising more money abroad.

The foundation has launched several community projects, including the planting of trees and grass in Soweto, and the electrification of township schools. It is also organising adult education courses and advice and training projects for black businessmen.

A controversial aspect of the foundation's work has been its formulation earlier this year of a code of employment conduct similar to that drawn up by the EEC. The code aims to improve the lot of black workers, but has been criticised for being too vague and skirting some of the central issues of South African labour relations, such as migrant labour and recognition of black trade unionism.

Although the sums involved in the foundation's first foray into foreign capital markets are *small, the loans* are the first tangible sign of a growing willingness among international banks to consider loans to South African borrowers concerned with the socio-economic development of the non-white population.

It is known that foreign banks have also been approached to help finance the R94m project for the electrification of Soweto. Although these efforts do not appear to have been successful so far, it is believed that European banks have considered the initiatives at the highest level. Among reasons given for the lukewarm response, are the political connotations of loans involving the administrators of the black townships, the South African Government guarantee which would apply to these loans and the concessional terms demanded by the prospective borrowers.

Continental bankers also report approaches by some private sector clients looking for finance for black development projects. Informal talks have already been held with South African *Treasury officials on the Govern*ment's attitude to such black-orientated loans.

Last month, West Germany's Bayerische Hypotheken Bank and Hill Samuel lead-managed a substantial private placement for the Corporation for Economic development, formerly the Bantu Investment Corporation. The loan was guaranteed by the South African Government.

Zambia tensions come to a head

BY MICHAEL HOLMAN

LUSAKA, August 2.

YESTERDAY'S announcement by Mr. Simon Kapwepwe, the former Zambian Vice-President, that he would challenge President Kaunda in forthcoming elections, brings to a head rumbling political differences within Zambian society.

In sharp contrast to Dr. Kaunda's socialist programme and belief in isolating the white south, Mr. Kapwepwe delivered an eight-page election manifesto of economic and political pragmatism.

Remarkably, given that Mr. Kapwepwe was once detained by President Kaunda, his manifesto was extensively reported on the front pages of both Government-controlled papers, as well as on radio and television.

Certainly it pulled no punches. Accusing the administration of "almost criminal mistakes" in its handling of the economy, he pledged reopening of the Rhodesian border and direct trade with South Africa, "maximum support to private enterprise," immediate de-nationalisation of certain State-owned companies and "better use of imported technology, expertise and expatriates."

On foreign policy, it advocated a more cautious approach: "Our armed forces will only be committed to situations where other OAU or UN forces have been committed."

No reference was made to Rhodesia's internal affairs but sources close to Mr. Kapwepwe today suggested that he would be prepared to reassess Zambia's hostile attitude to the Salisbury agreement.

Clearly, given Zambia's economic crisis, Mr. Kapwepwe has no shortage of material for his campaign. But he faces two hurdles. The first is the possibility of a constitutional amendment setting down qualifications for presidential candidates.

The second is the unprecedented move by the national council of the ruling United National Independence Party in June, when President Kaunda was declared sole party candidate—despite the fact that nomination was due to take place at the general conference to be held next month.

An editorial in today's Times of Zambia said that "it must be very clear to all that the party, and through it the people of Zambia, have already made a decision that the incumbent President will be the sole presidential candidate."

AMERICAN NEWS

U.S. to seek extradition of Chileans over killing

By David Buchan

WASHINGTON, August 2.

THE U.S. is to request the extradition of the former head of the Chilean intelligence agency (DINA) and two other former Dina agents who were indicted yesterday by a grand jury here for the murder in Washington two years ago of Sr. Orlando Letelier, who was a Foreign Minister and ambassador to the U.S. for the Left-wing Chilean administration of President Allende which was overthrown by military forces in 1973.

The State Department yesterday asked the Government of General Augusto Pinochet to make "preventive arrests" of the three indicted Chileans, and the U.S. embassy in Santiago has since confirmed that the arrests requested under the U.S.-Chile extradition treaty, duly took place. A formal extradition request will now be sent to the Government in Santiago.

Gen. Pinochet has denied that he was in any way implicated in the murder of Sr. Letelier, who was a leading element in the opposition abroad to the Right-wing Pinochet regime.

Also indicted by the grand jury on charges of murder and conspiracy yesterday were four exiled Cuban right-wing activists. Two other men, implicated in the case, were not indicted because they co-operated in giving information to the U.S. legal authorities.

According to the indictment, the assassination of Sr. Letleier was ordered by the former head of Dina, Genl. Manuel Contreras, and carried out by Dina agents who went to the U.S. and picked a team of Cuban-Americans. Sr. Letelier was killed, along with an American woman colleague when the car he was driving was blown up by a remotely-controlled bomb near a Chilean legation.

The Letelier investigations have further strained relations between Washington and Santiago. Today, with some members arguing that the inquiries had led "to the door-step" of Gen. Pinochet, the House of Representatives voted to block some $24m worth of arms ready for delivery to Chile, until the Santiago Government extradites the three indicted Chileans. Congress cut all military aid to Chile in 1976, but allowed the delivery of weapons which had already been ordered.

Robert Lindley adds from Santiago: In a news conference today, Gen. Pinochet — responding to a query about the State Department having called "an extremely serious affair" the indictment of the three Chileans — said. "What seems to me to be serious is that they say it's serious. This is intervention."

Gen. Contreras and Col Pedro Spinoza, one of the other Dina men indicted, were both under house arrest here today. The third indicated Dina agent, Capt. Armando Fernandez, was under arrest in a military hospital in the city, suffering from a nervous disorder brought on, it was reported, by the murder investigation.

The immediate, favourable response by the regime to the State Department's request for the detention of the three Chileans has come as a surprise, because it was foreseen that Gen. Pinochet would refuse to co-operate with the U.S. over the case. Yesterday the U.S. ambassador to Chile, Mr. Walter Landau, said that U.S.-Chile relations are "excellent."

Anti-trust inquiry

The U.S. Justice Department has announced that it is investigating possible anti-trust violations by traders in the New York foreign exchange market, our New York Staff writes. Reported to be at issue are allegations that independent foreign exchange brokers may be charging uniform commissions on foreign exchange transaction, which amount to price-fixing. However, the Department would not elaborate on its announcement.

U.S. COMPANY NEWS

Hudson's Bay in surprise bid for stores group: Record sales and profits for Coca-Cola: Colonial Stores accepts revised offer from Grand Union—**page 22.**

Wall Street disenchanted with chairman of the Fed

BY JOHN WYLES

NEW YORK, August 2.

STRONG RESERVATIONS on Wall Street about recent statements by Mr. William Miller, and about monetary policy in general, indicate that the new chairman of the Federal Reserve's honeymoon with the investment community is fast coming to an end.

For most of his five-and-a-half months in office, Mr. Miller has been warmly applauded by economists and investment bankers for his readiness to lecture politicians on the evils of inflation and for the Fed's corresponding moves to raise short-term interest rates.

Mr. Miller has been compared favourably with his predecessor, Dr. Arthur Burns and many on Wall Street happily professed that they had barely noticed the change at the top of the nation's central bank.

However, in the past few days questions have been raised about Mr. Miller's judgment in appearing to be taking a softer line on inflation and the outlook for interest rates than much of Wall Street believes desirable. It is being argued that this has contributed to the continuing weakness of the dollar in the foreign exchange markets at a time when the Fed itself seems to be relaxing its grip on the growth of the money supply.

Eyebrows were first raised when it was revealed that at a meeting of the Federal Reserve Board on June 30, Mr. Miller was in a minority in voting against raising the discount rate to 7¼ per cent from 7 per cent. It is unusual to be outvoted on such a matter, and the defeat slightly tarnished Mr. Miller's reputation since the consensus on Wall Street was that the case for raising the discount rate, which is the charge which member banks pay on borrowings from the Fed, was overwhelming.

Mr. Miller was ready to admit his error in an appearance before the House Banking Committee last Thursday but then caused further disappointment on Wall Street by expressing his hope that interest rates would peak in the next few months and that by next year credit conditions would be a little easier. His optimism was based on the grounds that slower economic growth coupled with more fiscal discipline from the Carter administration which is cutting its proposed 1979 budget deficit from $60bn to $43.5bn, would ease the situation.

This emphasis on gradually reducing inflation, which will top 7 per cent this year, through fiscal policy, has been badly received since the outlook for interest rates is still judged to be obscure and because Mr. Miller appeared reluctant to depend as much as he has done this year on fighting inflation through promoting higher interest rates.

"He should have avoided the interest rate topic because of its extreme sensitivity at this time," Mr. Leonard Santow, a senior vice-president at J. Henry Schroder Bank and Trust, said today.

Many economists believe that publicly the Fed should remain the scourge of all politicians who tolerate or encourage inflationary developments. They argue that the Fed should continue to push up interest rates for as long as is necessary to bring money supply growth back within its targets and to dent the inflation rate.

Anxiety on the money supply front was compounded on Friday when Mr. Miller disclosed that the Fed was leaving unchanged its long-term growth rate targets. The significance of this lies in the fact that monetary growth over the next year will be measured on a base which has already risen sharply.

The Fed's sharpest critics maintain that this approach will undermine the fight against inflation by permitting a too expansive monetary policy in the year ahead.

Withdrawal from Korea approved

BY OUR OWN CORRESPONDENT

WASHINGTON, August 2.

PRESIDENT CARTER has won broad Congressional approval for his plan to withdraw over the next five years most of the 36,000 U.S. ground troops in South Korea, and to hand their equipment, worth an estimated $800m, over to the Koreans.

Voting on the Military Aid Bill last night, the House of Representatives turned down an amendment which would have allowed the Administration to transfer only $90m of US weaponry to South Korea. But the House, like the Senate last week, insisted that each phase of the troop withdrawal be weighed against the overall military balance in the Far East (which Mr. Carter has promised to do) and that Congress be consulted at each step. The Administration has so far only announced detailed plans to pull some 6,000 U.S. servicemen out in 1978-79, and has said that a U.S. air force contingent will stay in South Korea indefinitely.

Administration officials say they recognise that the withdrawal policy—designed to leave behind sufficient hardware for the South Koreans to defend themselves in any clash with North Korea, causes disquiet in some quarters, particularly in neighbouring Japan. Therefore a gradual approach is needed.

But also the Administration wants to make sizeable troop reductions, and when the U.S. army chief of staff last year openly criticised Mr. Carter's policy, he was promptly transferred to Europe.

NY reporter stays free

BY OUR OWN CORRESPONDE

NEW YORK, August 2.

MR. MYRON FARBER, a New York Times reporter, was today given a late reprieve from an indefinite prison sentence by U.S. Supreme Court Justice Thurgood Marshall.

In an unusual move, Justice Marshall issued a stay of execution until Friday on an imprisonment order against Mr. Farber and on fines against the newspaper fewer than 24 hours after Justice Byron White of the court refused a further stay. As a result of the White decision, Mr. Farber was due to report to prison in Bergen County, New Jersey, at noon today.

However, the case is becoming a *cause célebre* within the news media because of the issues concerning freedom of the Press which it raises. Mr. Farber is threatened with imprisonment and the New York Times with stiff fines, because of his refusal to hand over to a New Jersey judge notebooks and materials relating to reports he wrote about a series on deaths in hospitals in Oradell, New Jersey, in 1965-66. His stories were partly instrumental in the laying of murder charges against Dr. Mario Jascalevich, whose defence lawyers are arguing that they should have access to Mr. Farber's material in order to conduct their case properly.

Brazil budget increased by 34%

BY DIANA SMITH

RIO DE JANEIRO, August 2.

THE BRAZILIAN federal budget for 1979 will total 460bn Cruzeiros ($25.12bn)—a 34 per cent increase on the 1978 budget of Cr 345bn ($18.84bn). According to directives from the President Gen. Ernesto Geisel, there must be no superfluous expenditure, and no deficit. In fact, the 1978 budget is expected to close its books with a small surplus, thanks to what the Ministry of Planning has called "exceptional" tax collection.

Outlays on personnel in 1979 will total Cr. 116bn ($6.33bn), and the budget priorities will be for agriculture, education, health, steel production and railways.

The latter two items will be allocated 35 per cent and 30 per cent, respectively, of the dividends on the federal shares in public and mixed-economy enterprises.

Allocations to federal and municipal spending will total between $2.7bn and $3bn, while new means of raising local funds will be instituted through taxes on unused property, death and transfer duties.

Reuter adds from Brasilia: A British student was arrested here last night while distributing leaflets condemning the torture of political prisoners in Brazil, a British consulate spokesman said today. He named the arrested student as Mr. Ian Fairlie Bruce, of Southborough, Kent, but said that he could give no more details.

IMF stand-by credit for Guyana

BY OUR OWN CORRESPONDENT GEORGETOWN, August 2.

GUYANA is to receive just over £9m (G$46.8m) from the International Monetary Fund as stand-by credit and compensatory financing.

A government statement said here that £4m were in the form of a one-year stand-by arrangement to help in economic stabilisation, and the balance is being provided from the IMF compensatory financing facility because of an export shortfall last year.

The Guyana quota at the IMF is just under £16m and the amount repayable because of past transactions, without the new credits, totals £14m.

Guyana has been reeling under serious balance of payments difficulties since late 1976. They have led to a wide range of austerity measures intended to conserve hard currency, including strict foreign exchange rationing by the Bank of Guyana.

No-fault car insurance axed in Congress

By David Lascelles

NEW YORK, August 2.

ONE OF the most far-reaching reforms proposed for the U.S. insurance industry, the establishment of no-fault car insurance, was effectively killed in Congress last night when the House Commerce Committee rejected a Bill which would have made it possible

This marks a major victory for the legal profession which has bitterly opposed no-fault insurance supposedly because it would restrict victims' access to damage suits. It is widely suspected that lawyers fear a loss of business.

Under no-fault insurance, which already operates in some states, accident victims receive reimbursement directly from their own insurance companies without having to sue the other party. The legal process is thus by-passed, enabling victims to collect the full value of their claims without having to pay a proportion to lawyers who pursue their claims for them.

According to supporters of the reform in Congress, U.S. lawyers currently collect $1.6bn annually for this work, a sum which could be channelled directly to accident victims.

House to debate aircraft noise

By Our Own Correspondent

NEW YORK, August 2

EFFECTIVE LOBBYING by the U.S. airline industry has secured a faster than expected release of the so-called "quiet aircraft" legislation for debate in the House of Representatives.

Disagreement among members of the House Rules Committee two weeks ago threatened to block full debate on the Bill for two months or more. But yesterday the Committee voted nine to six to send the Bill to the House floor on terms that will make its defeat more difficult.

Trudeau economic plan to promote growth

BY VICTOR MACKIE

OTTAWA, August 2.

THE CANADIAN Prime Minister, Mr. Pierre Trudeau, in a surprise national television message, has unveiled an economic package which included reductions in government expenditure and promised tax cuts to stimulate the sagging economy and boost its growth towards the 5 per cent target set at the Bonn economic conference.

He said that there will be "no election at this time." But he cautioned reporters later against jumping to the conclusion that this completely ruled out a late autumn election. However, he said he believed that most Canadians would agree that it was more important to work on the problems of the economy.

He announced that the Post Office will be converted from a government department into a Crown Corporation to try and resolve the labour disputes.

The new government policies will not be financed by increased government spending, he said. He pledged to finance the programme by cutting expenditure and using "saved resources" to stimulate the economy.

As steps to re-organising government priorities, he announced these measures:

1—$2bn to be slashed from current and planned government expenditure, with much of the money shifted to new economic priorities. He proposed reductions in taxes to come.

2—Zero growth in the federal public service will be achieved, he said, with actual reduction in the number of civil servants next year. The Government will "deliver more for less," he promised.

3—The Government will get "very tough" in public sector wage negotiations. The public sector will not lead the private sector in wages and benefits, but, instead, there will be a strict policy of comparability with the private sector.

4—The intrusion of government policies and regulations will be removed from individuals and businesses. Some functions will be returned to the private sector. He said: "The heavy hand of government and its drag on personal initiatives will be lifted in many cases."

The Prime Minister returned to Ottawa over the weekend, after attending the Bonn summit and then holidaying for a short time in Morocco.

"I have come to the conclusion that, while I believe we are on the right course, we must now take much bolder action to ensure our continued prosperity and re-affirm the unity of the country. And make no mistake, the two are firmly linked."

Mr. Trudeau has called several senior ministers of his Cabinet back from their holidays for meetings early next week. The purpose is to take advantage of the opportunity offered by the Bonn summit conference and by Canada's principle economic partners to further improve the economy.

He said action was needed now because many Canadians, especially the aged, cannot cope with world price increases in food, fuel and shelter. He warned that wage negotiations, including some in the public sector, could fuel inflation once again unless they were closely watched. There were too many young men and women not working, mainly because they could not find jobs, but some because they were "too choosey," he said.

WORLD TRADE NEWS

Bowater to raise U.S. newsprint cost by 5%

By Max Wilkinson

THE BOWATER Corporation has announced that its U.S. price of newsprint is to be increased by just under 5 per cent or $15 a ton to $335 a ton from October.

The increase is likely to be followed by other producers in the U.S., and will be watched with interest by Scandinavian manufacturers, which are anxious to increase their prices in Europe.

The firming of prices in the U.S. follows a continued slow recovery of demand in the U.S. and forecasts that consumption this year will be about 5 per cent up on that for 1977.

Inventories have been falling in the U.S. from roughly 50 days supply at the beginning of 1977 to an expected 35 to 40 days supply by the end of the current year.

In Europe, prices are highly sensitive to small demand fluctuations in the U.S. since exports of surplus production from North American mills have helped to depress prices throughout Europe. Prices have also been held at a low level by the continued over-capacity in Europe, although most newsprint mills are now running at higher capacity than fine paper mills.

Although producers will be hoping to raise European prices, sharp increases are not likely. Total European consumption of newsprint is not expected to increase in the current year by more than about 5 per cent or possibly less, and the increase in 1979 is expected to stay at about the same rate.

The UK, which imports about two thirds of its newsprint, is expected to increase consumption in the current year by about 4 per cent, while demand in Germany is expected to grow by only about 2 per cent.

Aquamart will take Belgium to EEC court

By Paul Taylor

CHANNEL CRUISE LINE, the Guernsey-based owner of the controversial cruise and supermarket ship Aquamart, said yesterday it would take the Belgian Government to the European Court over the dispute which has forced the company to suspend services.

The cruise and shopping service between Ostend and Dunkirk was suspended by the company on Tuesday after Mr. Gaston Geens, the Belgian Finance Minister, rejected an offer by the company to pay VAT on goods sold aboard the vessel.

Mr. Frank Shaw, the Aquamart operations manager, said yesterday that the company had taken legal advice on the Minister's ruling and would lodge a complaint with the European Commission this week.

The company expects the dispute to be referred to the European Court and will seek an injunction against the Belgian Government. Mr. Shaw added that the company is also considering legal action against Mr. Geens in Belgium.

When Aquamart began its three-hour cruise service from Ostend on July 24 the Belgian Cabinet ordered customs officials to levy heavy duties on all goods bought by passengers from the vessel's supermarket because they were being sold duty-free.

Mr. Shaw said the company is examining the possibility of other routes, in particular operating the Aquamart between Flushing in Holland and Dunkirk. He said a decision on alternative routes would be taken within about two weeks.

However, Mr. Charles Graham-Watson, chairman of Channel Cruise Line, said yesterday that the Aquamart had made its last voyage—though there had been inquiries from "British and foreign" companies interested in buying the converted British Rail ferry.

Mr. Graham-Watson said the matter was now in the hands of his lawyers and accountants.

Sharp rise in UK imports of vehicle components

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

OVERSEAS COMPONENT manufacturers continued to make increasing inroads into the UK market in the first six months of this year following their highly successful performance in 1977.

At the same time, according to figures compiled by the Society of Motor Manufacturers and Traders, export sales by the UK producers accelerated less rapidly than in the period of rapid growth in 1975-78.

The statistics, based on the value of imports and exports, indicate the extent of the challenge being faced by the UK industry because of the decline in the vehicle manufacturing sector. Import sales went up by 30 per cent from £350m to £456m, while exports rose only 17 per cent from £802m to £937m.

The general view of the industry is that component imports will continue to grow. This trend is being fuelled by two main factors—the rise in component parts for assembly by the multinational car assemblers (although this is balanced by similar exports), and the increase in demand for parts for foreign vehicles on British roads.

The UK component manufacturers are making a considerable effort to make parts for the foreign car stock. But clearly they cannot fill the gap entirely, and the foreign car franchises have been gradually building up their own parts distribution networks. Renault, for example, recently announced a big new expansion of its Reading depot.

On the exports side the component manufacturers have managed to exceed the rate of inflation, but expansion has not been as fast as was hoped partly because the strengthening of the pound has made them less competitive.

Car exports in the half year have been better than expected, with a 27 per cent expansion from £387m to £491m. This improvement, however, has been completely overshadowed by the large 44 per cent increase in imports from a value of £629m to £906m.

The most worrying feature for the UK motor companies has been in the commercial vehicle sector, which has been one of the stronger product areas recently.

In a sharp reversal of the trend of the last few years, truck and van exports went down in the last six months, falling by 6 per cent from £320m a year ago to £302m. Imports, on the other hand, went up by 38 per cent from £93m to £128m, the result of a rapid expansion in the UK market which has not been matched by an increase in production.

In total the UK balance of motor industry trade remained firmly positive, at £2bn in the first six months against £1.6bn worth of imports. But importers are nevertheless narrowing the gap. Just a year ago imports amounted to only £1.2bn against exports of £1.9bn—a difference of £700m against £400m this year.

Value of UK motor industry exports and imports, Jan-June 1978

	Exports (£m)			Imports (£m)		
	1978	1977		1978	1977	
Components	937	802	+17%	456	350	+30%
Cars	491	387	+27%	906	629	+ 4%
Commercial vehicles	302	320	− 6%	128	93	+38%
Other motor products	354	380	− 8%	104	82	+27%
All motor products	2,085	1,889	+10%	1,594	1,154	+38%

Dutch sales may set record

BY CHARLES BATCHELOR

AMSTERDAM, August 2

CAR SALES in Holland could rise to a new record level of around 580,000 in 1978 if present trends continue, according to the Dutch Motor Industry Association.

In February the association was forecasting that sales would be about the same as the 551,932 figure in 1977 but the favourable trend in the first half of this year has raised hopes of an even better performance.

Sales rose 5.5 per cent in the first six months of 1978 to 339,091. General Motors continued to head the list selling 51,312 vehicles—an increase of 12.4 per cent—and raising its market share to 15.1 per cent from 14.2 per cent.

GM's German subsidiary Opel accounted for most of the U.S. company's sales with the Opel Kadett and the Ascona models respectively the first and third most popular cars

Ford retained its number two position, increasing sales by 16.7 per cent to 39,842 and raising its market share to 11.7 per cent from 10.6 per cent. The Ford Taunus model was the second most popular car with Dutch car buyers.

Volkswagen retained its third place in the list of manufacturers but saw sales fall two per cent to 27,343 and its market share slip to 8.1 per cent from 8.7 per cent.

Other changes included the reversal of the positions of Peugeot and Chrysler with the French company rising to number five and Chrysler slipping to number six.

Among the Japanese companies Mazda moved to tenth position from joint twelfth and Honda moved to 11 from 14. But Datsun fell to 14th position from 10. Total sales by the six Japanese companies in Holland —which also include Toyota, Subaru and Mitsubishi—rose by 3,777 to 63,905, accounting for 18.8 per cent of the market.

BL (formerly Leyland) sold 12,607 cars compared with 13,262 and saw its market share fall further to 3.7 per cent from 4.1 per cent. Volvo, the only company which manufactures in Holland, increased sales by 285 to 12,022

Franco-Arab air engines plan

BY ROBERT MAUTHNER

PARIS, August 2.

THE FRENCH state-owned aircraft engine company SNECMA and the Arab Organisation for Industrialisation (AOI) are currently negotiating the creation of a joint company for the construction of aero-engines in Egypt.

The plant, which will be located at Helouan, some 20 miles from Cairo, will be called the Arab-French Engine Company (AFECO). Under a 20-year contract, renewable for a maximum of 10 years, it will buy complete engines, engine parts, spare parts and engineering expertise from SNECMA and may eventually build whole engines when fully operative.

SNECMA will have a minority stake in the joint venture, but it is still unclear what the exact size of its participation will be. The pattern of previous joint ventures between the AOI and foreign companies has been 51:49 per cent in favour of the AOI. What has been decided, however, is that the French company will have three representatives on the nine-member board of AFECO and that important decisions will be taken by a majority of eight of the nine directors. It is considered likely here that the managing director will be a SNECMA representative.

The engines to be assembled or produced by AFECO are destined for use in military aircraft in which the AOI has already expressed an interest, such as the Franco-German Alpha-Jet trainer and ground support aircraft and in the longer run France's latest fighter-bomber, the Mirage 2000. The prototype of this aircraft, which is equipped with the M-53 jet engine produced by SNECMA, made its maiden flight last spring.

The AOI has indicated that it wants to acquire some 160 Alpha-Jets, equipped with two Larzac engines manufactured jointly by SNECMA and the private Turbomeca Company. Initially, these aircraft will be assembled in France until the Helouan plant is capable of undertaking the work of mounting the engines.

The deal, which has already been submitted for approval to the SNECMA works committee, has run into the opposition of the powerful Communist-led CGT union, which considers the company should not become an international arms merchant and should concentrate more on civil aircraft projects. But it is considered highly unlikely that the CGT's objections will block the joint venture.

The negotiations between SNECMA and AOI follows the recent conclusion of a deal between the French electronics group Thomson-CSF and the AOI for the setting up of a joint subsidiary in Saudi Arabia, called the Arab Electronic Company. This company, in which Thomson-CSF has a 30 per cent stake of the $25m initial capital, will produce aircraft radio communication and electronic equipment under licence from various international companies, including Decca of the UK.

$300m Boeing orders

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

OVER THE past few days, Boeing of the U.S. has won new orders for jets worth over $300m (over £160m), from airlines either expanding their fleets to meet growing traffic, or replacing ageing existing equipment.

The biggest deal reported is that worth $156m from Thai International of Thailand, for three 747-200 Jumbo jets, including spares, training and other support costs. The aircraft, to be powered by U.S. General Electric engines, will be delivered from October, next year. Thai has an option on another four 747s for delivery in 1981-83.

Eastern Airlines of Miami has placed a $100m order for eight short-to-medium range 727-200 airliners, to replace older DC-9 jet equipment, with delivery set the last three months of 1979.

International Lease Finance Corporation of California has ordered two 737-200 jets, worth $22m, for delivery next year.

Aer Lingus, the Irish International airline, is buying two more Boeing 737-200 jets at a cost of over $22m, with $8.9m of the price coming from a loan from the U.S. Export-Import Bank. Aer Lingus will put up $4.5m, and the rest will come from private sources.

As a result of these deals, Boeing this year has logged a total inflow of orders for nearly 220 jets of various kinds.

Jordan near decision on Dead Sea potash orders

BY RAMI G. KHOURI

AMMAN, August 2.

THE ARAB potash company which is implementing Jordan's $420m Dead Sea potash project held an extraordinary general assembly of shareholders today to raise the company's capital from $120m to $189m in anticipation of awarding the two major contracts for the project.

Mr. Ali Khasawneh, the Arab Potash Company chairman and general manager, said the contract for the heart of the project —the construction of the salt pans and clay-core earth-fill dykes and allied civil works— will be awarded in December to one of nine short-listed companies: it will probably be worth around $150m.

The second contract, for the refinery to produce the final potash, will awarded early next year, and will be worth in the neighbourhood of $100m.

Mr. Khasawneh also revealed that a meeting will take place in Amman next week grouping all consultants on the project to discuss the production of bromine and magnesium along with the planned output of 1.2m tons of potash per year.

He said preliminary plans are to form a joint venture company with Great Lakes Corporation of the U.S. to use the American company's technology to produce 30,000 tons of bromine per year.

Production of 50,000 tons of magnesium annually is to be carried out in co-operation with the Austrian company, Ruthner, and production of all three products is expected to start in early 1982, Mr. Khasawneh said.

Final feasibility reports on the production of bromine and magnesium will be ready in the coming few months, when detailed work on obtaining the finance for these two projects would have to be undertaken. Mr. Khasawneh estimated that the Arab Potash Company would require over $100m for the magnesium and bromine facilities, and thought some of this would have to be raised in the commercial markets.

Nearly all the $231m in loans required for the potash production facilities has been raised in the form of soft loans, but the company will probably need to turn to the commercial markets for a $20m supply credit in the near future, Mr. Khasawneh said.

According to the company's projections, it hopes to earn some $150m a year in exports of potash and $60m a year from sales of bromine and refractory produced from magnesium, when full production is reached. Potash output will be raised from 1.2m to 1.5m tons annually by the late 1980s.

Sea-Land able to join U.S.-Brazil cargo pool

BY DIANA SMITH

RIO DE JANEIRO, August 2.

AFTER A long, controversial battle, the U.S. container line Sea-Land has been allowed to become the fifth member of a U.S.-Brazilian cargo pool.

To join the pool Sea-Land has had to drop its insistence on using its 35-ft containers (which constitute 82 per cent of its operation) in Brazilian ports. It must comply with ISO (International Standards Organisation) 10, 20, 30 or 40 ft container norms to which Brazil adheres strictly. To do so, it will have to spend several months and sums of money adapting its fleet and loading equipment.

Sea-Land's fight to join, on its own terms, Moore McCormack, Delta Line and Brazil's Netumar and Lloyd Brasileiro in an operation which now earns about $200m in annual freight revenue, put severe strains on the U.S.-Brazilian Equal Access Act of 1973. This grants American and Brazilian members of the pool equal access to cargo shipped under the auspices of their respective governments and financial concessions on freight charges.

Under this agreement, the U.S. lines are given exemption from Brazilian taxes on freight, and the Brazilian lines freight financing assistance from Eximbank (a concession which only one other country, Colombia, receives).

Once Sea-Land failed on its own to persuade Brazil to accept non-ISO size containers, it brought a court case in Philadelphia against the pool, under the restrictive practices section of the U.S. Trade Act, and Mr. Robert Blackwell, U.S. Under-secretary for Maritime Affairs, helped to press its cause.

As Sea-Land had failed, Mr. Blackwell failed: the Brazilians were adamant that, unless Sea-Land complied with ISO standards, it could not join the pool. Earlier this month, Mr. Blackwell took sudden action, instructing Eximbank to suspend freight financial assistance to the two Brazilian lines until Sea-Land was admitted to the pool.

When Eximbank notified the Brazilian authorities of their instructions to suspend concessions as of July 31 there was an outcry.

Since it is now clear that Sea-Land and Brazil were well on their way to settling their differences, observers feel that Mr. Blackwell's act was counter productive in a broad political sense, since it came in an era where Brazil has already shown it is resistant to subtle U.S. official pressures in other fields and even more resistant to the stick without the carrot.

The Peugeot 604 TI- A Thoroughbred

The Peugeot 604 TI and the racehorse have many things in common. Poise, dignity and immaculate breeding are some of them. Speed, power and style are others.

But, whilst only the privileged few can afford to own a racehorse, the well-priced 604 TI is in reach of many. Unlike the racehorse which is rather a delicate creature, the car is tough and reliable as well as elegant. Tough and reliable because it's designed that way. For as befits a thoroughbred, only the best is good enough; highly skilled designers and engineers, first class materials, and the most advanced manufacturing technology all combine to produce this true thoroughbred.

The oversquare 2.7 litre V6 engine is built from lightweight aluminium, and has twin camshafts for maximum flexibility. The benefit of using lightweight materials is reflected in the excellent fuel consumption figures (33 mpg at a constant 56 mph*). Technically it's at the head of the field taking full advantage of the latest developments. The Bosch K-Jetronic fuel injection system accurately meters the fuel/air mixture to increase power and reduce petrol consumption. The electronic ignition system ensures super smooth starting, and the 5-speed manual gearbox means even smoother, quieter, more economical driving, especially at high speeds. Or, for those who prefer, there's the option of a 3-speed automatic gearbox.

Comfort is naturally of the highest level and the specification of the 604 TI leaves little to be desired; 4 electrically operated windows, subtly tinted glass all round, electrically operated sunroof, power assisted steering, centralised pneumatic door locking system, rear fog lamps and a super deep lustre metallic paint finish to the body with a final coat of clear protective lacquer. The interior is as luxurious as you'd expect and where the 604 really scores is in its spaciousness. As Car magazine said, "rear leg room is almost to limousine standards."

The 604 SL (carburettor model) has always been competitively priced. The 604 TI, with fuel injection and other refinements, represents, at £7582, a first class investment.

And the 604 thoroughbred won't cost you a fortune to run. It's frugal with petrol as we've shown, but in addition it requires main servicing only once a year, or 10,000 miles (with intermediate check and oil change every 6 months or 5,000 miles). The 604 TI is also covered by Peugeot's straightforward 12 month, unlimited mileage guarantee, and first-class service is assured by our network of fully trained Dealers across the U.K.

Let us tell you more about our thoroughbred – send now for details on the 604.

Model	Manual 5-speed gearbox			Automatic gearbox		
Fuel Consumption*	Constant [illegible] mph	Constant [illegible] mph	Simulated urban driving	Constant [illegible] mph	Constant [illegible] mph	Simulated urban driving
	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Price inc VAT & Car Tax, Delivery & Number Plates extra	[illegible]	Leather seats, air conditioning [illegible]		[illegible]	Leather seats [illegible]	Leather seats, air conditioning [illegible]

*In accordance with official government testing procedures.
Prices correct at time of going to press.
Clothes by Ted Lapidus.

Peugeot Automobiles (UK) Ltd.,
Peugeot House, 333 Western Avenue,
London W3 0RS. Tel: 01-993 2331.

PEUGEOT
World famous for strength

604, the best Peugeot in the world.

HOME NEWS

Shipowners press for extended moratorium terms

BY OUR SHIPPING CORRESPONDENT

THE GOVERNMENT is coming under increasing pressure from shipowners to extend the terms of a moratorium on their debts with British shipyards.

Under the present scheme, announced earlier this year, shipping groups with access to "other financial resources" are excluded from the plan.

This cuts out all the major UK liner companies, even though most of these have bulk and tramp shipping activities which are now losing money as a result of the prolonged slump in the freight markets.

A meeting of the General Council of British Shipping's general policy committee yesterday reviewed the moratorium scheme, which has not yet been used, although deals are being negotiated with two or three small tramp ship owners.

The meeting took no formal decision to request an extension, but there was strong support for widening the terms of reference.

Although there has been sympathy for the shipowners' case from Department of Trade officials, Mr Edmund Dell, the Trade Secretary, is not willing to proceed with any extension at this stage.

The general council argues that although the bigger operators may be able to cross-subsidise to cover their bulk shipping losses, this will not *prevent them from scaling down* their shipping interests in the present market.

The council also regards the liner companies' exclusion as penalisation of the most efficient owners in the industry on the grounds of their diversification, which the council regards as a sign of good management.

£2m repair orders

CONTRACTS for more than £2m have been won by the Tyne Shiprepair group, which is part of British Shipbuilders.

Mr R. E. Butler, the group's chief executive, said that three large and complex jobs had been won by yards without a reputation for such work because the company was now able to offer full mobility of labour between its six yards.

The three contracts are conversion of a Norwegian pipelaying vessel, refit of a Cable and Wireless cable ship; and conversion of an offshore marine supply vessel to a firefighting ship.

'Better accountants' bid

COMPANIES ARE being encouraged to make use of specialised courses designed to improve the performance of qualified accountants in industry and commerce.

The courses, developed by the Institute of Chartered Accountants in England and Wales, cover a wide range of subjects, from management studies and corporate taxation and reporting to "communication and social skills" — a reference to effective speaking and writing.

Stricter safety on sleeper trains

MR. JOHN HORAM, Transport Under-Secretary, confirmed yesterday that stricter safety measures are to be imposed on sleeper trains following the Taunton rail fire in which 11 people died.

He told the Commons that British Rail will strictly enforce regulations to keep sleeper-car doors unlocked and gangways clear. Other measures to be taken include fire precaution notices in sleeping cars, and fire extinguishers for attendants.

Mr. Horam said the replacement of old sleeper car stock on the Penzance to London line was a matter for British Rail to consider.

Petroleum revenue tax

The Treasury, in outlining the proposed changes in Petroleum Revenue Tax, has drawn up the financial profile of two hypothetical oil fields comparing the results under the existing rules with those under the new tax rules.

Field A (total production 65 tonnes)

		£m. undiscounted 1977 prices Old rules	New rules
Total gross profits	3,900		
Capital expenditure	700		
Operating expenditure	590		
Royalty		360	360
PRT		570	750
Corporation Tax		870	780
Total Government take		1,800	1,890
Total private take		810	720
Percentage Government Share of net profits		69%	72%
Project internal rate of return (per annum)		19%	17%

Field B (total production 30 tonnes)

		Old rules	New rules
Total gross profits	1,800		
Capital expenditure	250		
Operating expenditure	390		
Royalty		160	160
PRT		160	390
Corporation Tax		420	310
Total Government take		740	860
Total private take		420	300
Percentage Government share of net profits		64%	74%
Project internal rate of return (per annum)		38%	31%

NOTES —
1. Assumes constant real oil price of £60 per tonne

Mr. Anthony Wedgwood Benn, Energy Secretary, also announced that the following 46 blocks would be offered in the sixth round of licences. The blocks cover acreage in the North Sea, west of the Shetland Islands and the South-Western Approaches. Those marked with an asterisk will be operated during at least the exploration phase by the British National Oil Corporation. 13/12, 13/28, 13/29, 13/30*, 14/26, 16/3b, 16/18, 20/1, 20/2*, 20/6, 20/8, 42/27, 47/3c, 47/4b, 47/9b, 72/20, 73/1*, 73/7, 73/8, 73/9, 73/11, 73/12, 73/16*, 74/1, 74/2, 85/23, 85/24, 85/28*, 85/29, 87/11, 104/20, 106/10, 107/11, 206/2, 206/3, 208/15, 208/19, 208/20, 208/23, 208/24, 208/26*, 209/3, 209/6, 209/7, 209/13, 214/20.

Big spending on oil pollution ruled out

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

THE GOVERNMENT has rejected the case for a big increase in spending on resources for use in the event of oil pollution accidents at sea.

Two inter-departmental reports, produced at the Prime Minister's request, were published yesterday, but neither is in favour of radical new measures, such as financing a special fleet of anti-pollution vessels.

Instead, the Government intends to create a Department of Trade unit of about six people, headed by someone with experience at senior level in maritime command and administration.

The salary for the job will be about £14,000, somewhat above the Civil Service assistant secretary grade.

The two working parties concluded that it would be impossible to provide enough resources to prevent serious coastal pollution in the event of a supertanker spill like that involving the Amoco Cadiz. Existing contingencies have only been activated ten times since 1970.

At present, the Department of Trade spends about £300,000 a year on contingency arrangements. The cost of dealing with the Eleni V incident off the Suffolk coast in May is put at £2m, but most of this will be recoverable.

No detailed work has been done on costing a radical overhaul of present arrangements, but one of the reports says that to bring 80 ships to the scene of an accident within 24 hours would cost £125m a year.

Even this would give a treatment capability of only about 10,000 tons of oil a day—compared with the 230,000 tons which leaked from the Amoco Cadiz.

One of the reports says: "In the present state of technology, no conceivable at sea organisation can give anything approaching *a guarantee against large-scale coastal pollution following a major oil spillage.*

Control at sea

"Indeed, large-scale coastal pollution is to be expected in such circumstances. Moreover, there may be significant coastal pollution after even a fairly modest spill."

The working groups have concluded, however, that other steps can be taken towards a "limited enhancement" of available measures.

These include specifying operational control at sea by a Royal Navy vessel during all pollution-fighting activities, further research on chemical dispersants (these were found to be useless in breaking up the thick fuel oil spilled from the Eleni V) and speeding up lines of communication.

Although the reports do not go into detail about either the Eleni V or Amoco Cadiz incidents, they say that the Department of Trade's organisation in both cases "responded satisfactorily" and mobilised oil dispersal ships in good time.

One report says that heating and pumping equipment should be available on standby to liquify and pump heavier oils and that there should be a further review of compensation arrangements.

Mr. Edmund Dell, the Trade Secretary, in a Commons written reply, said that the studies had involved "a critical re-examination" of contingency arrangements, but no increase in resources would guarantee the absence of pollution in a major oil spill.

The reports reject the idea that the Ministry of Defence should assume control of all oil pollution affairs and say that there should be further work at an international level to improve arrangements over salvage contracts and to reduce the number of substandard tankers.

A separate committee, headed by Department of the Environment officials, is to produce a report on beach-cleaning operations.

Factories plan will provide 2,500 jobs

By James McDonald

A £10m ADVANCE factories programme, which will provide about 2,500 jobs in England's Assisted Areas, was announced in the Commons yesterday by Mr. Alan Williams, Minister of State for Industry.

Mr. Williams added that the Government had also asked the English Industrial Estates Corporation to start modernisation of its older factories. This should benefit the North in particular but should also bring early benefits to Merseyside.

The new programme for advance factories is the 11th in the regular series undertaken by the Government since mid-1974. It involves 150,000 square feet of floor space for Liverpool and 50,000 square feet and 39 factories elsewhere in England.

Mr. Williams said many factories had still to be built under the previous programes. In the inner area of Newcastle upon Tyne, for example, 40,000 square feet was under construction and a further 120,000 square feet of factories would be built when land negotiations had been completed.

"In addition to our own building programe the Development Commission will be building factories in the rural parts of the Assisted Areas" he said. "In particular this should assist areas such as the South West."

Allocations of new English Industrial Estate Corporation plants for letting and sale had been increasing.

More than 400 factories have now been announced for the English regions since July, 1974, providing about 4.75m square feet. When completed and occupied they will provide about 18,500 jobs.

Nearly 70 standard factories and 49 small nursery units are available in many Assisted Area Locations. The Department of Industry says enquiries are buoyant, 103 units of 600 000 square feet were allocated to tenants in the 12 months to June 30.

FT's American weekly project

THE FINANCIAL TIMES' US publishing project, World Business Weekly, will come out later this year after completion of successful market tests. Details of the new magazine will be announced next month.

Report allays fears of oil explosion

FINANCIAL TIMES REPORTER

RISKS of an explosion caused by radio transmissions at the proposed Braefoot Bay oil terminal in Fife are "insignificant," the Health and Safety Executive says in a report.

The Executive prepared a 51-page report on hazards likely to affect the terminal and the multi-million-pound petro-chemical complex at Mossmorran, near Kirkcaldy.

It was asked for by Mr. Bruce Millan, Secretary of State, who yesterday told Mr. Harry Gourlay, Labour MP for Kirkcaldy, of the findings in a Commons written reply.

Mr. Gourlay said: "It would be a sad day for Scotland—and Fife in particular—if a group of fanatics, the Dalgety Bay action group, were successful in preventing this extremely important project from making progress.

"The Scottish Secretary called for this report after receiving representations from the group."

He added that the Secretary of State had allowed until September 4 for further representations to be made to him on the question of radio transmissions as they might affect the twin project at Mossmorran and Braefoot Bay.

He added: "I hope that soon after that he will be able to give a decision in respect of planning approval for the project."

ICI contract for Badger

BY KEVIN DONE, CHEMICALS CORRESPONDENT

BADGER, the British subsidiary of the U.S. process plant contractor, has been awarded the engineering and procurement contract for Imperial Chemical Industries' polyvinyl chloride plant to be built at Wilhelmshaven, West Germany.

The 115,000-tonnes-a-year plant is part of a £200m investment that ICI is undertaking at Wilhelmshaven, in chlorine, vinyl chloride monomer and PVC production.

PVC is one of the most important basic plastics. ICI is one of the world's leading manufacturers in this sector.

It is also building a VCM plant at Wilhelmshaven that may have an eventual capacity of 300,000 tonnes a year. It recently acquired the local chlor-alkali business of Alusuisse Atlantik, which has a 110,000-tonne-a-year chlorine plant at Wilhelmshaven.

New look at Canvey Island refinery scheme

By Paul Taylor

MR. PETER SHORE, Environment Secretary, has ordered the re-opening of an exploratory inquiry into a plan by United Refineries to build a 4m tonne refinery at Canvey Island.

It was this 1975 inquiry into the application by United Refineries, a consortium led by the Italian national energy group ENI, which eventually led to the Health and Safety Executive's two-year study of Canvey Island and its report published in June.

Mr. Shore announced his decision to re-open the inquiry in the Commons yesterday in reply to a question from Sir Bernard Braine. He also confirmed that the Occidental Group has withdrawn its appeal against planning refusal for another refinery at Canvey.

United Refineries was granted outline planning permission for its refinery in March 1973, but at the exploratory inquiry, the inspector recommended revocation of permission because of overall risk.

He also supported a call from the inquiry's fire and explosion assessor for a study of the danger of explosions at Canvey Island.

The final decision on the United Refineries planning application was held in abeyance while the Health and Safety Executive compiled its report.

The report gave permission for further refinery development at Canvey Island subject to additional safety measures.

No date has been fixed for the re-opening of the United Refineries inquiry. Mr. Shore said he would discuss arrangements with the company and the local authority.

EEC bank lends £10.7m for airport

A LOAN equivalent to £10.75m has been granted by the European Investment Bank, the European Community's long-term finance institution, for half the estimated cost of extending Sumburgh Airport in the Shetland Islands. It is the main transit point for air communications with North Sea oil and gas rigs.

The loan has been provided to the Civil Aviation Authority for 10 years at an interest rate of 8.9 per cent.

London's population down to lowest for seventy years

BY PAUL TAYLOR

FOR the first time in 70 years London's population has fallen below 7m. The mid-1977 population estimates, published yesterday by the Office of Population Censuses and Surveys, show a continuing decline in Greater London's population.

After peaking at about 8.5m just before World War II the total has since fallen steadily. In mid-1977 the population was estimated at 6,970,100, a fall of 67,400 over 1976 and 471,500 since 1971.

The figures also suggest that population growth in England and Wales has halted at about **4.9m. However the statistics also show that movement within England and Wales has not been uniform.**

The three Northern regions had little or no population growth, while the South-West and East Anglia have been slowly gaining.

Regional changes largely reflect a continuing exodus from the Metropolitan areas with the North-West, which contains Greater Manchester and Merseyside, showing one of the largest declines.

East Anglia is the most rapidly growing region, increasing its population by over 1 per cent a year.

U.S. giants battle for office market

ITT, the U.S.-based multi-national communications group, will market word processing equipment before the end of the year, according to Mr. Jim Foord, the newly appointed director of ITT Business Systems (UK).

Mr. Foord's announcement brings ITT into even more direct competition with another giant U.S. multi-national—IBM.

The two companies have been edging into each other's markets for some years, but the production of word processors will be the single largest direct challenge offered by ITT to IBM.

The word processing equipment market is regarded as the fastest growing sector of the office equipment market, which is itself rapidly expanding.

The application of micro-processors and micro-computer memories to typewriters and printers means a wide variety of routine secretarial tasks can be fully automated.

ITT and IBM approach the office equipment business from two different, if rapidly converging, positions. IBM is traditionally strong in computer manufacture and electric typewriters, while ITT is strong in telecommunications and consumer electronics.

Clearer prices law soon

BY OUR CONSUMER AFFAIRS CORRESPONDENT

ALL PRICES shown for consumers must in future include VAT or clearly show the basic price plus the amount of VAT in cash terms, says a draft Order from the Department of Prices to be published today.

Mr. John Fraser, the Prices Minister, announced this when opening a consumer advice centre at Neath, South Wales, yesterday.

The proposed Order would apply not merely to goods on display but services ranging from repairs to professional charges.

The move follows a proposal from the Director-General of Fair Trading and a report from the Consumer Protection Advisory Committee.

Mr. Fraser said that from August 14 the law on the "sticky label" would be clearer and more easily enforceable by local authorities.

Before the end of the year he hoped to see firm action on bargain offers, including those makers' recommended prices which in the case of small electrical goods the Price Commission found misleading.

Frozen scrap plant bought

FINANCIAL TIMES REPORTER

THE RECLAMATION company of Mayer Newman, of Erith, Kent, has bought the first full-scale scrap reclamation plant in the UK to operate on the principle of cryogenics—the science of very low temperatures.

The cryogenic scrap reclamation plant was sold by BOC, Britain's largest industrial gas company, in a joint marketing project with Newell Dunford, of Doncaster, Yorkshire, which has supplied a rotary tunnel used in the process.

Using the intense cold of liquid nitrogen (minus 196 degrees C) to embrittle materials, the plant enables the separation of different materials fed into the tunnel.

The theory of fragmentation is that if the composite scrap is frozen at a specific temperature one of the constituent parts will be embrittled during freezing.

BOC said that when a tyre, for example, was put into the tunnel and sprayed with liquid nitrogen at a specific temperature, the rubber would be embrittled but the metal would not. It would remain in strands and similarly the fabric would remain unfrozen.

These constituent parts would then go into the normal separation process with the metal being removed by a magnet and the fabric and embrittled rubber crumb being sifted out.

STOCK EXCHANGE EVIDENCE TO WILSON COMMITTEE

New doubts raised on 'insider' laws

BY MARGARET REID

THE EFFECTIVENESS and appropriateness of the non-statutory self-regulation practised in Britain's securities industry, and the Stock Exchange's central role in it, are emphasised in the Exchange's Stage II evidence to the Wilson committee on financial institutions.

A description of the Exchange's recent moves to tighten up defences against abuses is another prominent feature of the paper, entitled The role and functioning of the Stock Exchange.

References to the Government's proposals legally to ban insider trading—the use of confidential information to make personal profits on share deals — reflect both some doubt about how the system would work as well as the approval earlier voiced by the Exchange for the idea.

On this subject, the paper says: "The Stock Exchange has welcomed the proposal because the problems extends beyond the area which can readily be the subject of voluntary non-statutory regulation. There is, nevertheless, ground for some anxiety about the extent of the definition of insider and about the effect of such legislation on the willingness of persons to give evidence, thus conceivably incriminating themselves or their principals.

The importance of this question is demonstrated by the fact that it is one of the first subjects to be considered in detail by a committee of the Council for the Securities Industry. The Stock Exchange will be watchful for any possible adverse effects arising from the proposed legislation and concerned to find ways of avoiding them. The precise formulation of the provisions will be of considerable importance."

Discussing its share dealing investigations, the exchange says that during the year to March 1978, 1,338 share price movements were examined and 56 preliminary investigations were carried out, of which 11 merited full inquiries. "The stock exchange has no legal power to demand the attendance of a member of the public but, in most cases, the realisation that non co-operation may involve publicity and comment will normally ensure attendance.

"The stock exchange does not, and does not wish to, have subpoena powers or take evidence on oath; in the same way as the Take-over Panel it must rely on its ability to obtain the truth through questioning. High priority is always placed on maintaining the confidentiality of transactions but, where the inquiry is a matter of public interest or where the stock exchange finds evidence of insider trading or breaches of the law, a public statement will normally be made."

The evidence goes on to say: "One major problem which the stock exchange, like regulatory authorities in other countries, has encountered has been where a foreign bank has dealt for a customer. A bank's legal responsibilities in its own country may dictate that the bank can reveal nothing about the customer for whom it has dealt."

No easy way

The problem has been encountered by the Panel on Take-overs and Mergers as well as by the securities and exchange commission in Washington, notwithstanding that the latter is a statutory agency. The chairman of the stock exchange has put the difficulty to both the governor of the Bank of England and to the Secretary of State for Trade, but it is acknowledged that there is no easy solution to this problem especially where a foreign nominee is prevented from disclosing the information by his national legislation.

Under the heading of recent developments in non-statutory regulation the Exchange says that, in the past, it "has tended to restrict its regulatory and investigatory activities to the direct control of its own members and of listed companies. It may well have been inhibited by advice at that time that the Stock Exchange did not enjoy privilege in the event of public statement and was liable always to the risk of action against it in the Courts for defamation.

"In the past two years the Stock Exchange has been prepared to enlarge the scope of its investigations and to publish its findings. The first such case which achieved widespread publicity was when, in 1976, it became evident that certain actions taken by Scottish and Universal Investments warranted examination. It may justifiably be claimed that the publication of the facts of the case in the Stock Exchange's report on its investigation obviated the need for a further detailed examination by the Department of Trade's inspectors.

"Since 1976 the Stock Exchange has undertaken a number of investigations involving the taking of evidence from the public. It has normally been found possible to obtain the necessary co-operation. Completion of the investigation has on four occasions been followed by a public statement: on two of these, details were sent to the Department of Trade, and on one other occasion the facts of the case were put before the police.

"Despite possible legal risks, the Stock Exchange has published statements where appropriate in the belief (and with the advice) that, having impartially carried out an examination of the relevant facts, it had a public duty to disclose."

Of the merits of its basic system of self-regulation, the Exchange says that the authority for the supervision is drawn not from statute but from the consent of the users of the market. "The requirements for listing are an effective instrument for determining standards, for new issues and company conduct.

"The Stock Exchange is fortified by the physical concentration of the majority of the financial community and by their belief that a voluntary ethical code achieves higher standards of conduct within the UK securities industry than would result from the imposition of detailed statutory requirements."

The point is also made that there is no special statutory control over various other markets, such as commodities and shipping, while professional conduct is also voluntarily regulated.

"There is no reason why the UK securities industry should be regulated on principles different from those applicable to other UK markets and professions."

The evidence surveys the international role of the Stock Exchange and identifies the stifling effects of UK Exchange Control policies. In the EEC context, it concludes that there is scope for a fully revitalised international role for the Stock Exchange with a consequent channelling of European resources into UK investment.

This would depend, however, on the restoration of foreign confidence in the UK economy. This could not be achieved without changes in attitudes towards taxation of the fruits of investment or while nationalisation of financial institutions and the direction of investment remain political possibilities.

Dealing with the much-discussed question of rivalry for business with overseas business, the Exchange says that, like other parts of the financial community, it and its member firms seek actively to extend their overseas activities and earnings.

"The Stock Exchange is, however, giving consideration to the adjustment of some of its rules bearing on the overseas activities of member firms with a view to improving their ability to compete successfully for international business in non-UK securities, particularly in the case of securities of EEC countries. This concern with the role of the Stock Exchange in Europe is of increasing importance for the Stock Exchange and the rest of the financial community."

Helping savings

The evidence focuses attention on the increasing dominance of institutional investment business—which between 1963 and 1977 raised the proportion of quoted shares held by institutions from 26 per cent to 52 per cent, while holdings of individuals fell from 55 per cent to 32 per cent.

"The most effective way to arrest the trend towards the predominance of the stock market by the savings institutions is to encourage the direct investment of personal savings. Direct *investment by a large number* of private investors, with widely spread objectives and judgments, creates a liquid two-way stock market through which new money can be raised by industry on better terms.

"An increase in direct investment can only be achieved by a combination of reducing the rate of inflation and adopting a policy of fiscal neutrality towards all savings, or at least removing the tax disadvantages of direct investment in industry and trade.

"A reconciliation could be achieved between the policy relating to the distribution of wealth and the need to reward direct investment in industry by exempting from tax the first, say, £500 of an individual's income from an investment of this type, as is proposed in France. Other countries, whose economies are admired by commentators in this country, have accepted the advantages of incentives such as these."

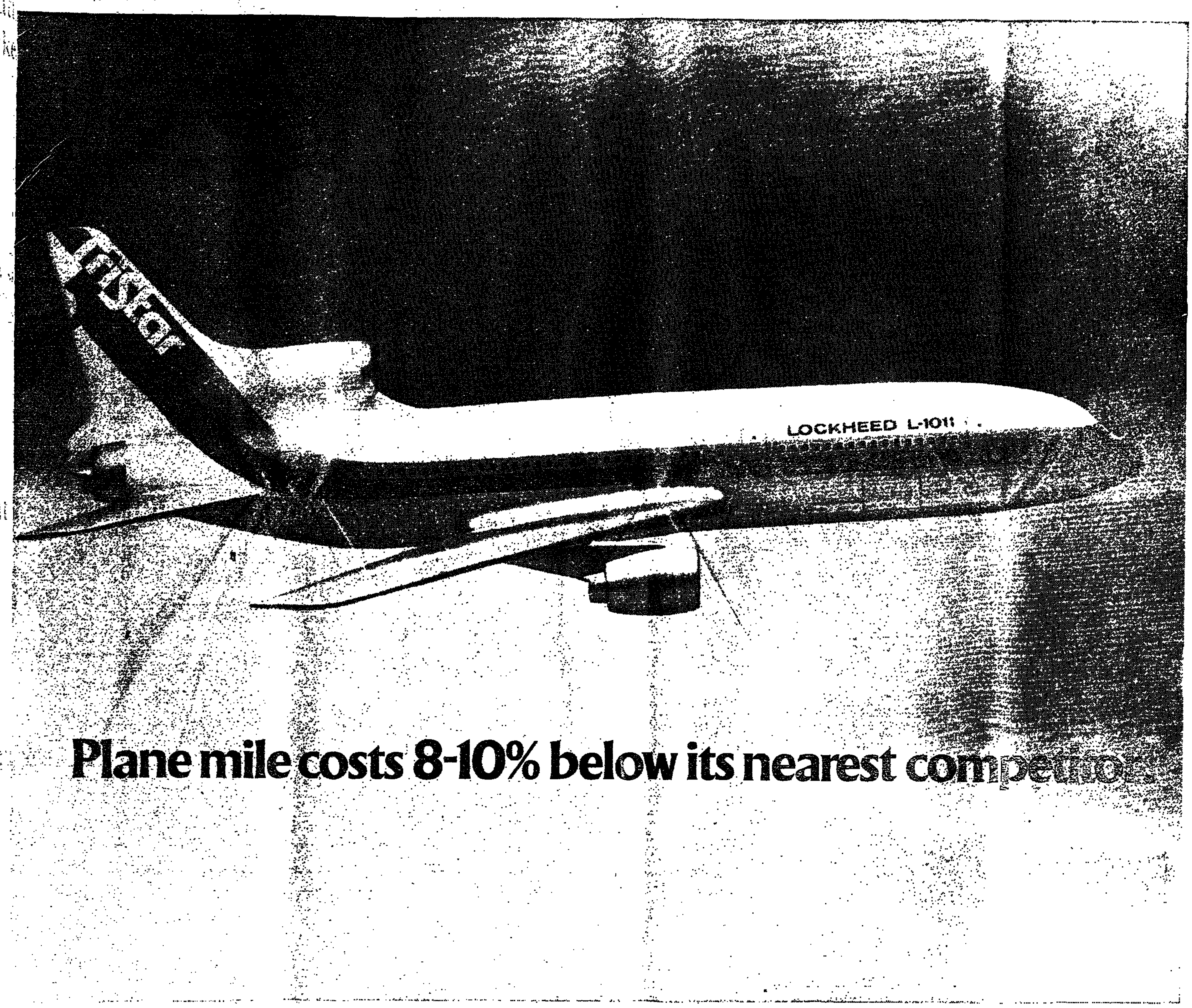
A suggestion that more attention should be given to the accountability for investment funds and in particular that there might be a code for the management of pension funds is also ventilated in the evidence.

"Fund management might be of a higher quality if there were a forum for criticism of the performance of the fund. A high degree of disclosure is more necessary when the employees have no choice as to how or by whom their pension fund is managed.

"At present the pension funds are growing at a fast rate with, in modern terms, a less than adequate minimum standard of accountability to those whose funds they invest and little, if any disclosure to the general public. Public disclosure provides a discipline over the fund's activities particularly when there is only limited accountability to fund members.

"Consideration might, however, be given to the establishment of a code of best business practice for pension funds which might in due course develop into a Pension Fund Act."

In a changing, competitive world this long-range jetliner gives airlines a huge advantage:



After a long study, one of the world's largest airlines concluded that the plane mile costs of the long-range L-1011 TriStar, the L-1011-500, are 8–10% below those of its nearest competitor. And that the plane mile costs of larger jetliners range up to 31% above those of the L-1011-500.

That airline will be operating the L-1011-500 in the near future.

There are a number of reasons the L-1011-500 offers airlines such an advantage.

Size is one. The wide body L-1011-500 is the ideal size to replace aging, narrow body jetliners on routes throughout the world. And it also is the right size to augment larger airliners which have much higher plane mile costs.

The L-1011's Flight Management System is another reason. Called the biggest advance since the autopilot, this exclusive L-1011 system saves millions in fuel over the life of each plane.

This and other exclusive systems add up to the world's most advanced long-range jetliner. And many of those systems—such as Direct Lift Control, Autoland and the Flying Tail—also help make the L-1011-500 the world's most comfortable long-range jetliner. The L-1011-500. Low in plane mile costs; advanced in technology; high in passenger appeal. No wonder it's called the wide body beautiful.

The Lockheed L-1011-500 TriStar
The world's most advanced jetliner.

HOME NEWS

Commission 'unhappy' about new price demands

By Maurice Samuelson

THE PRICE COMMISSION said yesterday that it was "very unhappy" that companies had told customers it had approved price rises which it had not investigated.

"The fact that we do not investigate a price rise does not mean we either approve or disapprove of it," the Commission said.

However, it did not know why Mr. Robert Maclennan, Under-Secretary for Prices and Consumer Protection, had singled out Henry Wigfall and Son, the television rental company, for special criticism.

In a Commons written answer on Monday, Mr. Maclennan had said that Wigfall had told its customers that it was authorised by the Commission and his Department to increase rentals, even though the increases might not be permitted by the agreement with its customers.

Notification of an increase to the Commission had no effect on the contractual rights of the consumer.

Mr. Robert Morrell, Wigfall's sales director, denied that his company had told customers that the rental increases had official approval. They had simply been informed that Wigfall had followed the necessary formula. "We are a public company and are aware of our legal obligations," he said.

Accepted

Wigfall, with fewer than 200,000 TV rental sets, was acting no differently from larger rental concerns which had also increased charges.

It was accepted practice, too, that charges could be raised in the course of a contract. If the rise was unacceptable, the lessee could always terminate the contract at six months notice.

In spite of Mr. Maclennan's rebuke, Wigfall is standing by its increases, announced two months ago. They are for 5p to 10p a week, a rise of about 10 per cent for the average set.

Mr. Maclennan was replying to an MP who had asked whether clearance by the Price Commission of increases by television rental companies had the effect of over-riding consumers protection rights. The question did not refer to any company by name.

Meanwhile, the industry is awaiting the outcome of an inquiry by the Price Commission into charges, costs and profit margins on domestic sets. The inquiry, the second in two years, is due to be completed by the end of the month.

Building industry's prospects improve

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE PROSPECTS for work in the construction industry continue to improve steadily, according to the National Federation of Building Trades Employers.

The results of the latest state of trade inquiry by the federation among 650 building companies show that the industry remains more confident about future workload levels, although the rate of improvement may be levelling off rather than accelerating further.

According to the federation, 35 per cent of the companies reported more inquiries for work than at the time of the last survey.

The picture represents a slightly less bullish situation than that which existed when the last quarterly survey was carried out in March, but is nevertheless far more encouraging than the outlook a year ago.

At the same time, 39 per cent of building companies expect that they will carry out a greater volume of work this year than in the previous 12 months. Fewer than 30 per cent believe they will undertake fewer contracts this year.

The federation suggests that 39 per cent of companies are now also working at full, or almost full, capacity, compared with only 27 per cent on the last two inquiries.

Labour problems

The prospects for employment appear to have improved slightly with a growing number of contractors expecting to have more workers on site this year than last year.

But there has been a marked deterioration in labour availability, with companies confronting serious problems in recruiting bricklayers, carpenters, joiners and plasterers.

There has also been a small rise in the proportion of contractors reporting some delays in obtaining supplies of bricks, building blocks and cement. Very few companies report serious delays, however.

The results of the latest survey confirm that the construction sector as a whole is now experiencing more buoyant conditions than at any time since the recession began to bite in 1973.

New construction output this year is now expected to rise by 1-2 per cent, with a repeat in the following 12 months.

UK power costs rise fastest

BY SUE CAMERON

INCREASES in the cost of electricity for industry were greater in the UK than in any other Common Market country during the 15-month period ending last March, according to a survey carried out by National Utility Service, an energy cost-analysis consultancy.

The survey, published yesterday, shows that the cost of electricity for large and medium industrial consumers in the UK went up by 15.9 per cent between December 1976 and last March.

Over the same period, electricity costs increased by only 2 per cent in West Germany, 5.9 per cent in Italy, 0.4 per cent in Belgium, 6.5 per cent in France and 6.3 per cent in the Netherlands.

National Utility Service says that cost increases in Ireland, Denmark and Luxembourg were also lower than in the UK but they were not included in the survey.

Although cost increases were greater in the UK than in other EEC countries, the actual price of electricity is still considerably higher in Britain than in West Germany, the Netherlands and Belgium. In March, the average price of electricity in West Germany was 5.01 US cents—2.59p a kilowatt hour. In the UK, the average price was 3.45 US cents—1.78p a kilowatt hour.

As well as European countries, the survey covers Australia, Canada, South Africa and the U.S. Averaage electricity costs for industry were lower in these countries in March than in the UK with the exception of the U.S., where they were marginally higher. But the percentage increase in electricity costs during the period covered by the survey were either on a par with or else higher than in the UK.

£300,000 for micro-processors

BY OUR OWN CORRESPONDENT

TYNE AND WEAR County Council is to spend £300,000 over the next three years to set up a joint institute to research micro-electronic processing.

The institute is being set up jointly with representatives from Newcastle University, Newcastle Polytechnic and an organisation called Computer Analysts and Programmes (UK).

The council said yesterday that staff would be seconded from each organisation to work on the advanced application of micro-electronics in computer systems, electronic engineering and electronic technology.

Grant aid for three years is also being sought from the Science Research Council and the Department of Industry. The National Enterprise Board is already a minority shareholder in Computer Analysts and Programmes.

The county council hopes the institute will place Tyne and Wear in the forefront of competition for the siting of the new micro-electronics plant planned by the National Enterprise Board.

"By setting up this institute we hope to provide a special and unique factor which would influence the Enterprise Board in siting the factory in Tyne and Wear," said the county council.

Prof. Brian Randell, who leads the Newcastle University team, hailed the formation of the institute as "the second industrial revolution for the North-East."

● The North West Industrial Development Association has written to the Prime Minister to draw attention to "the unrivalled stability of North West England" as a location for the establishment of the National Enterprise Board's new company to design and manufacture micro-processors.

Revenue to vet share schemes

THE INLAND REVENUE has set up a unit to vet employee share ownership schemes after the Finance Bill receives Royal Assent on Monday.

Income tax concessions for the employee share ownership form of profit-sharing were contained in the Bill which has now become the Finance Act, 1978.

The concessions, which emanated from the Liberal Party's influence on the Government under the Lib-Lab pact, were improved during the legislation's Parliamentary stages.

Value

As a result, the periods that employees have to hold their shares in order to gain tax concessions have been shortened. The shares are taxed for only 50 per cent of their value if the shares are sold after five years, 25 per cent after seven years, and are tax-free after 10 years.

The concessions do not come into force until the tax year starting next April, but the Inland Revenue hopes that companies interested in introducing schemes will submit them before then for vetting.

The schemes have to meet certain criteria, such as being applicable to all employees and not involving a handout of more than £500 per employee, in order to qualify for the tax concessions.

Challenge over mental care

By Paul Taylor

A COMMITTEE'S review of the procedure under which psychiatric patients can apply for release was described as "window-dressing" by MIND, the National Association for Mental Health, yesterday.

The Committee on Mental Health Review Tribunal Procedures had suggested in a discussion paper that tribunal procedures should be simplified and standardised and that patients should have greater assistance.

However, MIND, while welcoming the limited changes suggested by the committee, said that the paper did not deal adequately with the central question of patients' rights.

Procedures of the Mental Health Review Tribunals, DHSS, free.

WORKING BRITAIN

ANTHONY MORETON tries a bottle of Malvern water, said to be used by Schh . . . you know who for making her tea.

Queen of waters holds mystifying attraction

MALVERN WATER is bottled by the "Schh . . . you know who" people and drunk by You Know Who. It is said, nudge, nudge, wink, wink, that she even makes her tea with it.

Schweppes, naturally enough, won't be drawn. Probably they don't know; perhaps the story is apocryphal. Still, it is true that Malvern water is on the royal yacht and it is thought that the Queen always takes a supply of it when she travels abroad. So it might be called the queen of waters.

Certainly, it is found virtually only in up-market places and largely in the south. It is on the bars of the more expensive or more opulent hotels and restaurants with whisky. Indeed, some discriminating whisky drinkers claim it is the only water to add to Scotch.

Why there should be this mystique about Malvern water is difficult to understand. It is, after all, only water. A recent water testing in a London evening newspaper claimed that the members of the panel "practically fell asleep so deeply boring did we find it."

Schweppes is careful not to make any claims about its being better, or having more medicinal properties, than any other water. All it claims is that Malvern water is absolutely pure. Hold a bottle up to the light and you can see its clarity.

That purity gives it a definite quality that many other waters do not have. To anyone accustomed to London tap water, Malvern water is a refreshing drink. Not only is London's drinking water drawn from the Thames and purified but it is also excessively hard. Similarly, there are springs in other parts of the country which are acidic, such as Birmingham's, or tangy with iron, such as those in mid-Wales.

But there are also waters which are beautifully clear and refreshing and these are the equal of anything in a Schweppes bottle. What makes Malvern water special is that Schweppes has bottled it and no one else has had the foresight to do anything about their own waters.

Refinement

Technically, Malvern water does not come from the elegant town itself. Malvern's water is something quite different from Malvern water that comes from the Primeswell spring, which Schweppes owns, on the other side of the hill from the town. The pipe from the spring runs down from the well to the town of Calwell, where it is filtered and bottled.

In the days before Mr. Peter Walker set about reorganising local government, Malvern water actually came from Herefordshire, whereas the town of Malvern was in Worcestershire. Now that the counties have been merged into one conglomerate called Hereford and Worcester, such a refinement has vanished.

To complicate matters further, the water from the Primeswell spring also goes into the whole range of Schweppes drinks which are produced at the Calwell plant—lemonades, bitter lemons, bitter oranges, tonics for gin, the lot. So anyone drinking a mixer in the West Midlands is almost certainly drinking a flavoured drop of Malvern water.

It is just over a century since Malvern water was first bottled by Schweppes. One of the people whose family has been associated with Malvern water almost from the start is Frank Hill, now responsible as Schweppes' Midland regional factory manager for the Calwell plant.

Frank Hill's grandfather joined Calwell soon after it started. Both his father and his uncle followed and by the time he joined the company in 1936 they were in charge of the Vauxhall plant in London.

After the war when he was one of the last men out of France through Dunkirk and one of the first back on D-Day with the Americans on Omaha beach, he came to be in charge of Calwell in 1954. Next year, when he retires, the link will be broken because there are no Hills in the firm to follow him.

He freely admits that Schweppes has taken a very conservative line on Malvern water, in complete contrast to its aggressive selling of the mixers. "So far as I can remember there has never been an advertisement for Malvern water. Indeed, we have never really pushed it and so sales have remained pretty steady."

Indeed, Schweppes has adopted such a conservative policy that it is exceedingly difficult, outside the trade, to buy it.

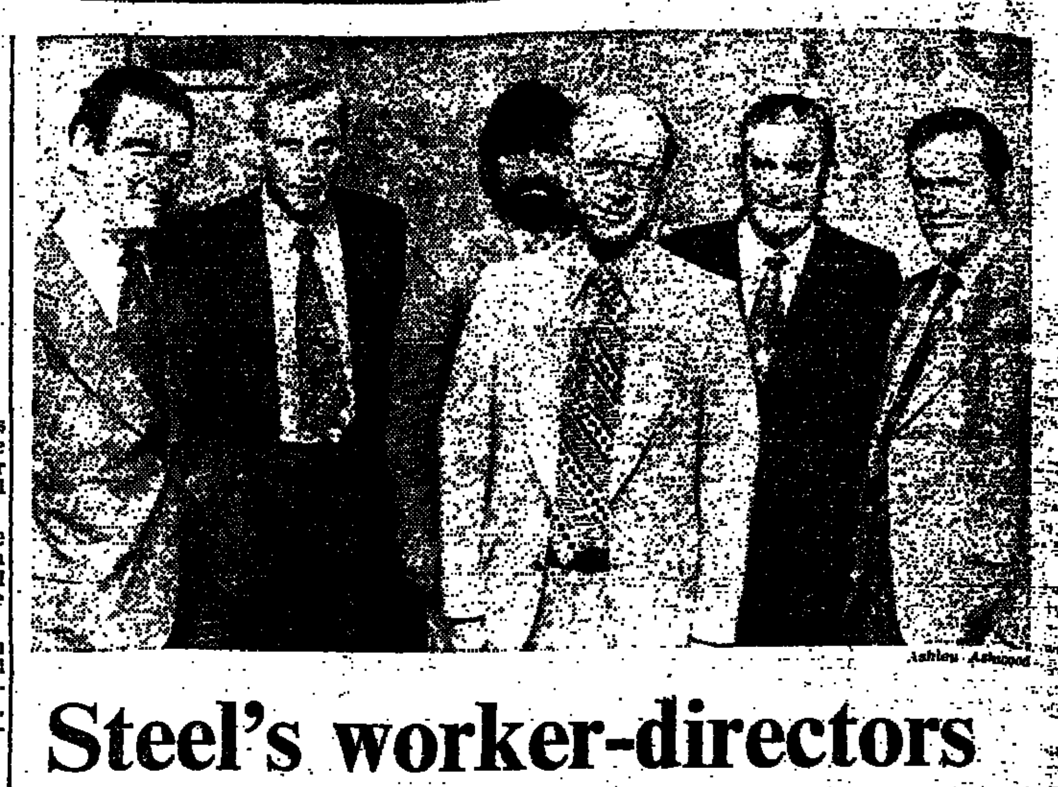
That may be about to change. Schweppes is thinking deeply about the future of Malvern water. Perrier, through an aggressive advertising campaign around London, is making inroads into an enlarging market for sparkling and bottled waters. Other lines, such as Appollinaris from Germany, San Pelegrino from Italy, and Evian, Contrex, Vichy and Badoit from France are all doing well.

Schweppes could easily join this league. But it would have to sell Malvern water through the grocers as well as through off-licences. It would have to be promoted. Perhaps it would have to have bubbles and carbon dioxide pumped in.

So what shape, colour or material should the bottle be? Should there be another label? All these questions are exercising the Schweppes marketing men mightily. In the meantime, all these foreigners are getting their brand names into the British market. Which seems a pity in a country upon which water falls in considerable quantity and with what seems, in this vile summer, to be monotonous regularity.


Leonard Burt
On the Malvern water production line.

LABOUR NEWS


Ashley Ashwood

Steel's worker-directors

SIX TRADE unionists were appointed to the main board of the British Steel Corporation yesterday, to become only the second group of worker directors in a major British industry after the Post Office, writes our Labour Editor.

The non-TUC managers union, the Steel Industry Management Association, has no representative for its 12,500 members, but said yesterday the possibility of a seat later had not been ruled out by Mr. Eric Varley, Industry Secretary.

Five of the new worker directors were introduced yesterday by Mr. Gerald Kaufman, Minister of State (pictured above). They are, (left to right): Mr. Alan White and Mr. James McLaren of the Iron and Steel Trades Confederation; Mr. Norman Lee of the General and Municipal Workers Union; Mr. John Tweddle of the National Union of Blastfurnacemen and Mr. John Lloyd of the Transport and General Workers Union. The sixth is Mr. Charles Abrahams of the foundry section of the Engineers, representing the combined craft unions.

Mr. Varley has also appointed two British Steel executives, another independent member and two civil servants, to bring the board to 20 members instead of the present nine, including Sir Charles Villiers, the chairman.

The ISTC will get another seat when Mr. Ward Griffiths, one of the present employee directors (who do not represent the unions directly), retires next May.

The prospect of this third seat could persuade the association to try again to effect a merger with the ISTC. But Mr. Robert Muir, general secretary, said last night his union would still apply to join the TUC and only then consider whether a merger was appropriate.

Navy under pressure to free HMS Repulse

BY PHILIP BASSETT, LABOUR STAFF

HMS RESOLUTION, the Polaris submarine replaced by HMS Revenge, which was freed by the Navy last week from industrial action by civilian dock workers on Clydeside, returned to her base yesterday to face blacking by the dockyard workers in support of their pay claim.

Resolution, whose routine sea patrol had to be extended because of the blacking of Revenge, sailed into the Naval yards on the Clyde when the 2,000 dockyard workers were taking part in a national one-day stoppage by all Britain's defence workers against the Government's 10 per cent pay offer.

Union officials from the Clyde bases made it clear that the blacking would not come into force until the crews on board and waiting to embark had turned around.

The arrival of Resolution will increase pressure on the Navy to consider clearing Repulse from her base at Rosyth, where she and her sister ship Renown are also being blacked. The normal length of patrol for a Polaris submarine is two months, and if Resolution is still penned in on the Clyde at the end of that period, the recently-refitted Repulse would be the choice to replace Revenge.

Union leaders at Rosyth have pointed out that the Navy would not be able to free Repulse without the help of civilian workers, as it did at Coulport on the Clyde with Revenge last week.

At both Rosyth and the Clydeside bases, together with the naval dockyard at Portsmouth, there was a 100 per cent response to the call for a national stoppage by defence workers. Some 2,000 workers on the Clyde, 6,000 at Rosyth and a further 6,000 at Portsmouth came out.

At Devonport dockyard 5,200 of the yard's 12,200 civilian workers came out. A major exception to the pattern was at the Chatham yard in Kent, where 3,000 turned up for work normally. The yard is being affected though, by random one-hour stoppages.

The Royal Ordnance factory at Bishopton, Strathclyde, was not working, and workers at a similar factory at Chorley in Lancashire will strike to-day.

Talks on the industrial civil servants' pay claim will be resumed with the Civil Service Department on Monday.

● Unions representing several hundred maintenance workers on strike at UK docks will meet the British Transport Docks Board next Tuesday to discuss

Chrysler prospects worry shop stewards

BY OUR GLASGOW CORRESPONDENT

SHOP STEWARDS at Chrysler's Linwood car plant yesterday expressed concern about the company's long-term future, once Government financial support expires at the end of next year.

Transport Union shop stewards agreed to recommend the new peace formula to a mass meeting of the 550 paint-shop strikers tomorrow. But Mr. James Livingstone, their convenor, said they remained *"deeply suspicious"* of the motives of senior Chrysler management in allowing the dispute to drag on.

"We will be requesting a joint shop stewards meeting of all unions after the resumption of work to look seriously at what steps could be taken to avoid protracted stoppages of this nature again," he said.

Mr. Livingstone's statement, which makes it clear that the peace formula does nothing to improve troubled industrial relations at the Scottish plant, came as Chrysler announced plans to move more than 3,000 strike-bound cars out of the factory.

A Chrysler official said that *providing Friday's meeting* agreed to return to work when the plant reopens on Monday, men would immediately start delivering the cars—blacked by TGWU drivers in sympathy with the strikers—to showrooms all over the country.

Post Office engineers black London HQ

POST OFFICE engineers yesterday began blacking all operations at the organisation's central headquarters in London which house some senior personnel, including Sir William Barlow, the industry's chairman.

The blacking, which started at the same time as a national work-to-rule in support of the engineers' claim for a 35-hour week, involves the installation and servicing of telephone equipment, maintenance of lifts and other plant and the chauffering of senior management in Post Office cars.

The Post Office said fitters, power engineers and drivers were involved in the sanctions. Fourteen drivers were sent home yesterday.

Ambulance accident talks

TALKS will be held in Glasgow today over Bedford ambulances which have shed back wheels. Officials from the Common Services Agency, the Government body which administers the Scottish ambulance service, will meet union officials and shop stewards to try to persuade members to resume driving after a spate of accidents.

Two English ambulance services confirmed recently that they had suffered a similar problem with Bedfords. West Midlands and London overcame it some years ago by ensuring that the correct torque was applied to the nut and the correct tightening sequence followed.

Wine group annuls pact with union

By Nick Garnett, Labour Staff

A UNION recognition row has broken out between the Augustus Barnett national off-licence chain and the Association of Scientific, Technical and Managerial Staffs. The company has cancelled a recognition agreement only weeks after it was signed.

The union said yesterday that a recognition and negotiating agreement for managers, assistant managers and trainee managers was signed in June after protracted talks.

Mr. David Ingram, the union's east London divisional officer, said that after the union had complained about extra work caused by redundancies the recognition agreement was cancelled by management and wage rises of 4 per cent, together with improved bonuses, were imposed by the company in place of a 10 per cent and productivity claim.

Mr. Brian Barnett, the company chairman, said yesterday that the agreement had been signed under duress from the union and had been unsatisfactory. The managers could decide at their annual conference in October if they wanted a union to represent them and what union that should be.

Pit workers down tools

UNDERGROUND WORKERS downed tools at Pye Hill Colliery, Nottinghamshire, yesterday in protest over incentive pay levels. The 180 men claimed they were getting "pence rather than pounds per week."

The Coal Board said that incentive pay was affected by the tonnage of coal produced and output at Pye Hill had been low for a few months. The men say they expected £27 a week when the scheme began but last week received only 45p.

Pay codes 'increase wages'

BY PAUL TAYLOR

ONE IN THREE companies paid more in wage increases during the past three years than they would probably have done if there had been no national "norms." This is the major finding of a confidential survey of managing directors attitudes to pay policy in 181 UK companies.

The survey published today, and conducted in the first half of July for the management magazine Chief Executive, shows that attitudes of individual employers to pay restraint vary considerably and are not always in accord with statements by their representative bodies.

It shows that nearly one in five companies will consider ignoring the new Phase Four guidelines, but fewer than one in three would welcome an immediate return to free collective bargaining, and two in five believe there should be some kind of permanent incomes policy in the UK.

Sanctions to support a pay policy received "a surprising degree of support." Almost three-quarters of the executives favoured a fines system.

Perhaps less surprisingly, company managing directors reported an obvious loss of morale among managers and executives because of reduced salary increases, but less than 20 per cent said they intended to compensate staff for lost rises when pay restraint was finally removed.

Davies launches fierce attack on Owen's Rhodesia policy

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

R. JOHN DAVIES, shadow oreign Secretary, made it clear ı the Commons last night that : is opposed to any immediate fting of sanctions against hodesia.

But he warned that his party ight well oppose the extension sanctions for a further year hen the order comes up for enewal in the House in ovember.

Mr. Davies's cautious stance as aimed at satisfying members f his own party who are divided n the issue. Many Tory MPs elieve that sanctions must be emoved now if any progress is be made towards a solution to ie Rhodesian problem.

In a clever and forceful peech, Mr Davies, who was pening a debate on Rhodesia, illied his own backbenchers ith a blistering attack on the olicy pursued by Dr. David wen, Foreign Secretary.

He argued that the Government's failure officially to recognise the internal settlement had ncouraged the Patriotic Front uerrillas to continue the war nd had prevented progress owards peace.

Mr. Davies stopped short of ying that there could no longer e any bipartisan approach etween the Conservatives and abour on the Rhodesian uestion. He warned, however, at the Tories could no longer ke a persuasive low level pproach to the Government's olicy.

It was now essential for the ritish Government to establish mission in Salisbury and to set time limit to the discussions hich are aimed at getting the atriotic Front to take part in ound-table discussions, the Tory okesman declared.

For the Government, Dr. Owen ain refused to endorse the ternal settlement at this stage id still pinned his hopes on the ossibility of round-table talks ith all parties, including the presentatives of the internal ttlement Africans, the Patriotic ront and Mr. Ian Smith, the hodesian Premier.

Mr. Davies described the esent situation as paradoxical. could be near to a democratic ansfer of power, or we might near a situation of despoilan and disaster.

A major part of the guilt for e latter possibility attached to e Government. The Conservaes had tried to avoid party spute on Rhodesia at Westnster "But the total sum of it is entire disappointment."

Again and again, he had tried persuade Dr. Owen to put a itish mission into Salisbury t the Foreign Secretary had ver done anything about it.

No sensible person in Rhodesia uld accept a situation where it was proposed that the guerrillas, who were trying to massacre them, should be brought into the security forces. In November, Mr. Ian Smith had accepted universal suffrage but the British Government had made no effort to use this major declaration as a way forward.

Mr. Davies recalled that Dr. Owen's policy on the internal settlement had been neither to condemn nor endorse it. "What a weak-kneed incompetent way of approaching it," he declared to shouts of anger from the Labour benches.

The Tory attempt to pursue a persuasive approach to the Government over Rhodesia had met with no response. The Government attitude had increased the danger of the situation. It had used a bipartisan approach as a cover to avoid the justified condemnation of the British people.

Mr. Davies said that on his recent trip to southern Africa he had found that Mr. Joshua Nkomo of the Patriotic Front was convinced that he only had to wait until Rhodesia fell like a ripe plum into his hands. That was the result of the Foreign Secretary's policy.

He had also found that the internal settlement was failing in many ways because the Rhodesians felt that the whole of the outside world was against it. The Government's failure to recognise the settlement had bolstered up the Patriotic Front and led them to believe that they could not lose.

He had found that the country was permeated "by bandits who were simply set on massacre." It was a "horrifying and disgusting experience."

There were Labour jeers when, in answer to a challenge by Government backbenchers, Mr. Davies said of his own party's attitude towards the internal settlement: "We would not recognise it but we would support it."

He urged strongly that Britain should set up a mission in Salisbury particularly to deal with the question of impartial observers for the elections. This would provide reassurances to minorities and provide a great uplift for morale.

At the moment, the Patriotic Front believed that they had the situation made. But the appointment of a mission would tilt the balance back towards normality.

Calling for a time limit on the preparations for an all-party conference, he said this should not be held on the basis of the Anglo-American proposals, which were widely opposed, but on a broader basis.

Dealing with sanctions, he said that he had seen their practical and symbolic effect in Rhodesia. But he did not recommend his party at this stage to call for their immediate suspension.

"The time will come when this party will be in Government and will deal with this question of sanctions," he added. "It must be from the legitimacy point of view and from an unassailable position.

"Britain alone can render an illegitimate regime a legitimate one. I wish to preserve that situation for the future.

"If it appears clear that by the time we come to the sanctions order in mid-November that the expectation of an internal settlement and the holding of an election between December 4-6 seems realistic, and the elections are to be held in free and fair conditions. I cannot see the Conservative Party going into the lobby to renew sanctions."

In his speech. Dr. Owen warned against lifting sanctions. Such a move would bring Britain into immediate conflict with the UN, African nations, and its Western allies, and would result in the complete and absolute loss of influence over the colony.

Dr. Owen insisted that Britain had to exert its influence working with the UN, the Organisation of African Unity and our Western friends.

If the Commons turned aside from that position, it would be taking an extremely grave decision.

"Let there be no illusion that were we to lift sanctions, we would be putting ourselves immediately into a major confrontation with the UN, the Commonwealth, the OAU and, perhaps more important, our own closest Western friends and allies."

Dr. Owen rebuked western nations which had not applied sanctions strictly. The fact that sanctions had been flouted over a long period had undermined people's belief that they could be used again to bring about peaceful change.

"If sanctions had been fully, firmly and fairly applied, we would not now be debating the grave situations we now face," he said.

There had been over 7,000 deaths in Rhodesia since 1972. "If sanctions had been applied more firmly and fairly beforehand, I do not believe they would have occurred."

In the last four months, since the internal settlement had been signed, there had been 1,000 deaths.

Dr. Owen said: "It is commonly felt on the front benches that sanctions should not be lifted. The effects of doing so would be severely damaging.

"It would not be wise as we would not be able to work towards round-table talks which I think we should be working quietly and privately towards."

If an election did take place and someone campaigned "on a Marxist ticket," Dr. Owen said they would not receive the black African vote.

"We should recognise that there is hardly a single African leader who has not at one time worked with the other that he

"The problem is the divisions of opinion between them. I believe, given the opportunity to shift their ground, they will do so.

"I believe the majority of Rhodesians at the moment would argue that no settlement will really work unless Joshua Nkomo enters into it.

"The wiser ones would say they feel an opportunity must also be given for Mr. Mugabe to come into it."

One of the most significant and important issues to come out of the Dar-es-Salaam talks was the acceptance by the Patriotic Front—under tremendous pressure from the "front-line" presidents—that they must accept that the armed forces would be controlled by a neutral Resident Commissioner during the transitional period.

Dr. Owen said he had always believed in the assertion of Britain's moral responsibility and in the necessity of putting an independent neutral figure into the transitional period. But he did not believe that any British Government should do that by taking over the internal settlement.

There had been too great a temptation in the newspapers and Parliament to over-rate the success of the internal agreement, and to state that it was more stable and more successful than it had been.

"The key question is morale. There can be a very dangerous crack in morale and a very dangerous situation developing," he said.

Dr. Owen said: "We must work to bring the parties together and to widen the areas of agreement." But he added that there would be some "irreconcilable element" that would have to be excluded.

He intended to keep on talking with Mr. Nkomo, Bishop Muzorewa, Mr. Sithole and Mr. Mugabe. He was to see Chief Chirau on Friday.

"I will speak to anyone and I will continue to strive for a negotiated settlement. I believe that this is in the interests of Britain. I believe this in the interests of Rhodesia.

"I believe that is our responsibility, moral and legal, to bring about an independent Zimbabwe under majority rule, where white and black can live together."

Barnett contrasts Tory attitudes to oil tax

BY IVOR OWEN, PARLIAMENTARY STAFF

A HINT that an incoming Conservative Government would be likely to increase the Petroleum Revenue Tax (PRT) was given by Mr. Tom King, shadow Energy Secretary, in the Commons yesterday.

While carefully avoiding any precise commitment to the Government's proposal to increase PRT from 45 per cent to 60 per cent from January 1 next year, he commented: "We accept that there is clear scope for adjustment to that tax regime."

These words were immediately seized on by Mr. Joel Barnett, Chief Secretary to the Treasury, who drew a contrast with the attitude of the last Conservative Government which, he said, had "virtually given away the North Sea."

In another bout of pre-election sparring, Tory MPs shouted: "You won't be here" when the Chief Secretary stated that authority to increase PRT to 60 per cent would be sought in next year's Finance Bill.

Undeterred, he went on to recall that the Conservatives had criticised practically every element of PRT when it was introduced.

Asked by Mr. John Pardoe (L. North Cornwall) to estimate the revenue likely to be gained from North Sea oil under the new tax regime in the coming financial year, compared with what would have been secured from the tax structure left by the last Conservative Government, Mr. Barnett stated "I shudder to think."

The Chief Secretary's announcement confirming that the Government had come to the conclusion that there was scope for increasing the share of North Sea profits which accrued to the public was cheered by the Labour benches.

He reminded the House that when the rates and allowances for PRT were fixed at the beginning of 1975, the Government deliberately adopted a cautious approach.

"We set the rate of PRT no higher than 45 per cent and we gave generous allowances and reliefs because of the great uncertainties at the time

"Now, however, though many uncertainties remain, we are in a position to take stock, and it is apparent that companies are obtaining very large profits from the natural resources of the nation. We believe that the public share of these profits can, and should, be increased without endangering the exploitation of the less well-placed fields."

Mr. Barnett explained that it was not proposed to alter the structure of the tax or to remove the front-end loading of allowances which, together with the safeguard provisions, served to encourage the exploitation of marginal fields.

"But we do propose that the rate of PRT should be increased from 45 per cent to 60 per cent for chargeable periods ending after December 31, 1978. We propose also that the 75 per cent uplift against PRT should be reduced to 35 per cent in respect of qualifying expenditure under contracts entered into after today, and we propose to halve the oil allowance as from January 1, 1979.

"There will be special transitional arrangements for uplift on expenditure under contracts already entered into."

Mr. Barnett stated that with PRT continuing to be deductible for Corporation Tax, it was estimated that the proposals would increase the "public take" by about £150m in the financial year 1979-80.

"As regards later years, there are enormous uncertainties. But we estimate that as the yield from PRT builds up, with more fields coming on stream, the public's share between now and the middle 1980s will be increased by something over £2bn in total and by about £0.4bn per year thereafter at today's prices."

He stressed that the oil allowance at its new level would continue to be of particular value to small fields. The safeguard provisions would remain unchanged.

"If, nevertheless, there are worthwhile developments which prove to be uneconomic under the proposed new rates, the Government still has the means of assisting them in the shape of our powers to refund royalties free of PRT and Corporation Tax.

"Up to now, we have not had to use these powers, but Ministers stand ready to do so in appropriate circumstances, in order that developments in the national interest go ahead."

After referring to the arrangements for the sixth round of offshore licensing, including the blocks on offer, the Chief Secretary told the House, "This early announcement of our intentions on tax will enable the oil companies to consider the proposals and, if they wish, to discuss them with the Inland Revenue."

For the Opposition, Mr. King said he would require an opportunity to consider the Government's proposals before making detailed comment

But Conservative MPs had always placed great emphasis on a proper tax regime as the way to secure for the nation the benefits from North Sea oil rather than the Government's "obsession" with the British National Oil Corporation and increasing its powers.

He suggested that the changes proposed by the Government would have little effect on the major discoveries which had already been made and for which contracts had already been signed, although they might prove damaging to smaller discoveries which were likely to make up the bulk of future development in the North Sea.

Stop oil supplies — Tory

For the Liberals, Mr. Jeremy Thorpe said that by their vote on Rhodesia the Opposition would convey the message: "Hold on against the possibility of a Conservative Government in November. We will probably get sanctions lifted and you have a good sporting chance of getting the internal settlement recognised."

Things were so bad in Rhodesia that "it may well be, at the end of the day, that the UN troops will have to move in to avert further bloodshed."

Both Bishop Muzorewa and the Rev. Sithole had said they could obtain a ceasefire but there was evidence that Bishop Muzorewa had not been consulted about the Rhodesian attacks against Zambia and Mozambique.

Mr. Edward du Cann, chairmann of the 1922 Committee of Conservative Backbenchers, said that the effective action immediately to cut off oil supplies could be the key to securing a Rhodesia settlement supported by all parties.

To the surprise of MPs on both sides, he spoke in uncritical terms of the forecast by Sir Harold Wilson, soon after the introduction of sanctions, that they would prove decisive in weeks rather than months.

"Sanctions could have been effective much more quickly," said Mr. du Cann. "Oil was always the key, it still is."

He called for a major diplomatic initiative, led by Britain, aimed at stopping oil supplies reaching Rhodesia, securing the removal of Cuban, Russian and East German "advisers" and their missiles and other arms from southern Africa, and providing for a "massive injection" of finance for Rhodesia.

The financial aid, he stressed, should have strings attached requiring all the parties concerned, including Mr. Nkomo, to come to the negotiating table.

Docks decision not political—Rodgers

FINANCIAL TIMES REPORTER

MR. WILLIAM RODGERS, Transport Secretary, rejected Conservative claims in the Commons yesterday that he had taken a political decision to keep open London's Royal Docks.

He told MPs they would be wrong to assume that his refusal to endorse the Port of London Authority's proposal to close the docks had been taken "because of pressure from any quarter whatever."

Tory MPs accused the Government of deciding to keep the docks open because of the imminence of a General Election.

Mr. Ian Gow (C., Eastbourne) said that the failure to close the Royal docks would cost between £250,000 and £500,000 a month. By using public money on this scale, there was nothing to distinguish the Government from highwaymen and bandits, he declared.

Mr. Rodgers described this remark as nonsense and called on the Conservatives to make clear their solution.

Mr. Norman Fowler, Tory Transport spokesman, said there was no question that the chairman of the PLA profoundly disagreed with the policy Mr. Rodgers had announced. He asked the Minister to state whether there was any permanent future for the Royal docks as his answers gave the impression that he did not believe that to be the case.

Mr. Rodgers said that his decision was a serious attempt to deal with the port's problems.

"I would like to see the Port of London with a viable, stable and prosperous future. The future of the port lies with all who work in it. They will decide whether the Royal and other docks stay open for a matter of months, years, or for a long time ahead."

Ministers ready for tax talks

THE GOVERNMENT is ready to take part in talks to improve measures against international tax evasion. Mr. Robert Sheldon, Financial Secretary to the Treasury, told the Commons last night.

He was replying to a Commons question from Mr. Kevin McNamara (Lab, Hull, Cent.) asking the Government to implement a recommendation from the Parliamentary Assembly of the Council of Europe on combating international tax evasion.

Mr. Sheldon said that the recommendation still had to be considered by the Committee of Ministers of the Council of Europe.

"In principle, the UK would, however, be prepared to take part in any discussions which might eventually be arranged to consider, by agreement among member States, the improvement of co-operation against international tax evasion and offences, and the initiation of measures to curtail international tax avoidance."

'HITE PAPER ON OVERSEAS REPRESENTATION

Need to maintain UK's world role

FINANCIAL TIMES REPORTER

STERDAY'S White Paper on erseas Representation begins arguing the need for the intenance of Britain's worldle role despite the country's uced power and economic ns The geographical and nomic facts of life make it vitable that today, as in vious centuries, British rests should extend round world, it says.

'he Government believes that tain has the assets to defend interests and effectively to mote her objectives These is include our economic and itary strength as a nation; historical ties with many nbers of the international munity, the binding force of English language; our questioned standing in the and science and our contrion to the world's cultural itage, and the example of tish values and our country's nocratic way of life.

bove all, says the White er there is the influence we ve from co-operative and rdinated action with our 'ners in democracy.

olitically, the document adds, position which we occupy in principal areas of internal affairs gives us a more adequate springboard for imaginative and effective ign policy, and our resources support the system of over representation which such reign policy entails

y the 1980s, we shall be the member of the European munity to be self-sufficient the increasingly scarce and ensive commodity of energy. challenge is to use effecly, efficiently and economie the benefits of North Sea oil hat we can re-invest in our istrial base and so help edy the deep-seated strucl problems of British istry

ritain's objectives overseas

) to safeguard the security our country;

i) to promote its prosperity;

) to uphold and extend the values and freedoms of our ocracy;

) to honour our commitits and obligations;

) to work for a peaceful and world;

) to contribute to the ievement of the above objec by providing assistance to eloping countries.

conomic matters are inextric part of British foreign cy We import half our food more than half our raw erials The exports which go pay for these constitute ben one-quarter and one-third our gross national product. Britain's needs and interests as a trading nation will, for the foreseeable future, inevitably continue to be a decisive influence on our foreign policy.

The importance of economic and commercial activity must be stressed: our overseas representation has to be geared to the promotion of Britain's economic interests and export opportunities. But this does not mean that export promotion should be a pre-eminent requirement of overseas representation in all countries of the world. The safeguarding of our prosperity also depends on the effectiveness of our contribution to solving the problems of world economic management in ways which promote our interests. The parallel importance of our security and political interests, both in their own right and as an influence on our economic fortunes, must also be taken into account. We shall not be prosperous unless we are secure.

In southern Africa or the Middle East, for example, political and economic issues are inextricably connected. The standing of this country, in the eyes of the world, is bound up with our stand on human rights, on how far we can make our values, political, social and cultural, understood Our assessment of our interest cannot therefore be confined either generally or in any one country to economic or export considerations alone

This said, the White Paper declares, there is a sense in which the pursuit of our economic objectives takes precedence over all others. Our ability to safeguard our security; to be a reliable ally in NATO; to be a constructive partner in the European Community and the Commonwealth; to honour our international commitments and obligations; and to contribute, not least by our aid programme, to the building of a peaceful, just and prosperous world, from which we shall benefit as much as anyone else, depends, in the last resort, on our economic strength.

The core of the Government's approach to the whole issue of British overseas representation is that it must, in as far as this is humanly possible, reflect faithfully British society in the round—its attitudes, styles, values, interests and concerns.

The Government has identified five major and overlapping areas in which reforms will be introduced and new guidelines laid down. The aim is:

(i) to increase specialised knowledge to our overseas representation.

(ii) to build a closer working relationship between the Diplomatic Service and the Home Civil Service.

(iii) to improve the co-ordination of our overseas representation, and of the resources devoted to it, both in Whitehall and abroad.

(iv) to have the diplomatic Service fully responsive to Government and British society.

(v) to maintain a wide but cost-effective system of residential representation overseas.

We need to put overseas expenditure on missions abroad in proportion. Over £260m was spent in 1976 by foreign countries on their diplomatic representation in London against Foreign and Commonwealth Office expenditure overseas of £137m. None of our main industrial partners spends less than we do on overseas representation. There are at present 222 British posts abroad with UK-based staff: this is broadly in line with the number of posts maintained by comparable countries. Once a mission has closed, reopening is a costly and time-consuming business.

Recruitment to the Diplomatic Service has changed over the last generation. It now comes from a much broader base of British society. In the 1950s, one in seven of new administrative grade entrants came from state schools; in recent years, the figure has been just under one in two. The equivalent figures for non-Oxbridge universities are one in ten and one in three. New generations of recruits have changed and with them attitudes are changing too. The Government will do all it can to encourage recruitment from a wider base which corresponds to our national system of education.

Training

An important consideration bearing on the size of missions and the number and size of subordinate posts is the question of consular services. The Government believes that there would be widespread and justifiable public criticism if protection services were withdrawn from many posts and that public demand for these services is bound to increase with the continued growth of commercial effort overseas and of tourism. Consular services will therefore be maintained on approximately their present level. But consular work will, in future, be self-financing by increases in consular and passport fees in line with costs.

The Government has decided after careful evaluation that the present structure and organisation of export services are broadly satisfactory and will continue to provide these services.

The detailed measures to which the latest reappraisal has led or will lead can be summarised as follows:

1—There will be a programme of interchange between the Foreign and Commonwealth Office and 17 Government departments. The programme will achieve 100 additional secondments in each direction over the next four or five years and will be supervised by Ministers. The programme will be supplemented by short-term attachments and by the joint training of members of the Home Civil Service and Diplomatic Service. The Government will consider the feasibility of extending interchange to industry, commerce, banking and the trade unions.

2—An intensive review of training for Diplomatic Service commercial officers is nearing completion.

3—A system of wide but cost-effective representation overseas will be established with "mini-missions" in countries where British interests are limited. The Government will take steps to ensure that this does not lead to an increase in the number of higher grade posts

4—Mini-missions apart, there is a clear need for further reductions in the size of posts. There will be a critical examination of the size and grading of missions.

5—Six subordinate posts will be closed and the closure of five more is under consideration. Reductions in the size of subordinate posts will also be considered.

6—The establishment of Research Department in the Foreign and Commonwealth Office will be cut by 17 per cent from 110 to 91.

7—As a result of a post-by-post review, there will be a cut in information staff overseas of some 16.5 per cent (Diplomatic Service) and 10.5 per cent (locally engaged). Savings in the Information Departments of the Foreign and Commonwealth Office may follow and further streamlining of some of the services provided by the Central Office of Information will be considered.

8—The Government aims to cut defence staff abroad by 25 per cent. The precise details will depend on a post-by-post review.

9—A detailed review of the long-term manpower needs of the Diplomatic Service has been set in hand. The emphasis of this review will be on flexible recruitment and retirement. A review of different forms of recruitment to the Diplomatic Service is in progress and will cover, among other things, short-term contracts. More flexible appointment procedures for senior grades are being considered, as is the phased introduction of annual leave to ensure that Diplomatic Service personnel serving abroad keep in touch with Home Departments and are not absent from their posts for over-long periods because of accumulated leave.

10—There will be joint consultation and agreement between the Foreign and Commonwealth Office and the relevant Home Departments on the priorities, policies and resources to be deployed in any given country. This will be effected by means of jointly produced Country Assessment Papers. There will, from time to time, be major policy papers on external issues, produced by the Foreign and Commonwealth Office in conjunction with the relevant Home Department.

11—The Government will publish two new series of papers: Foreign Policy Documents and Backround Briefs. These will be designed to increase the flow of available public information about the formulation and conduct of foreign policy.

12—A country-by-country review has been put in hand to see how far separate British Council offices abroad can be merged with missions, on the presumption that mergers should be effected unless there are good reasons for the retention of separate establishments.

13. The British Council's role, structure and administration will be reviewed.

14. The Government is considering possible ways of rationalising education aid activities of the British Council, the Technical Education and Training Organisation for Overseas Countries and the Inter-University Council, and their relationship to the Education Departments and the Ministry of Overseas Development.

15. The BBC's world-wide service will be maintained on a 24-hour basis. All the vernacular services will be reviewed.

16. The Government has authorised planning to be undertaken to maintain audibility within the BBC's estimate of what it technically considers essential. The necessary capital investment programme is expected to cost some £20m over the next five years.

17. Smaller aid programmes will be critically examined.

18. There will be a management review of the Ministry of Overseas Development.

The United Kingdom's Overseas Representation, Command 7308, SO, £1.35.

The Marketing Scene

EDITED BY MICHAEL THOMPSON-NOEL

Scotch makers watering at the mouth

KENNETH GOODING describes the confusion in the £900m Scotch market

NEVER BEFORE has the Scotch whisky market in the UK been in such a state of confusion, but then never before has 20 per cent or more of the market been up for grabs. With the market reaching at least 150m bottles a year worth around £900m at retail prices, rewards at stake are mouthwatering.

The gap appeared immediately the Distillers Company withdrew Johnnie Walker Red Label from British sale as a result of its dispute with the EEC Commission. It then priced two other big brands, Black and White and Vat 69, out of the running by adding 50p a bottle, all of which was to protect overseas sales.

Distillers has not just opted out of the market, however. It is putting much more weight behind Haig, a brand that already has 13 per cent of the market compared with Walker Red's 15 per cent. Haig has been allocated £900,000 for its new promotional push.

Distillers has also launched new brands for its existing marketing and sales forces to support. John Barr has been introduced from the John Walker business and from Buchanan Booth Agencies, which handles Black and White, comes the Buchanan Blend.

Among other recent changes, Seagrams, the Canadian-owned concern which is the world's biggest liquor group, has carefully chosen its timing to kill off the former 100 Pipers and, in all but one supermarket chain, its Passport brands. Instead, Seagram's is offering an up-market brand, the Original Hundred Pipers.

Life will be difficult for the newcomers. It probably takes three years for a new Scotch brand's potential to be judged properly. The build up to a major position in the market will take several more years.

Once established, though, a best-selling Scotch can look forward to 20 years or so of good, profitable sales, not only in the UK but in international markets. Successful promotion of a new Scotch needs a subtle touch and a great deal of luck.

It is a relatively simple matter to get fast and widespread distribution in the take-home trade if you offer a cut-price cheapie. But any attempt to put up the price will see it disappear from the shelves with even greater alacrity. For example, the aforementioned Passport was launched as a low-priced brand and was unable to shuffle off this undesirable reputation later.

Heavy advertising support for a new brand will almost certainly be wasted and might even inflict critical damage if the campaign takes a wrong approach. Advertising of established brands is another matter, and helps to confirm consumer confidence. Even here, doubling up the budget certainly won't double sales.

The important starting point for any new Scotch is good distribution. Probably distribution in the "on" trade—pubs, clubs and so on—is most important of all, as customers get a chance to try the brand before making the comparatively large investment—around £4.29—for a full bottle in a take-home outlet. Total Scotch sales are probably split 50-50 between "on" outlets and the take-home ones.

However, only one customer in four in a pub ever asks for a particular brand. The rest simply request "a Scotch." This means that most of the time the barman pours whatever Scotch his brewer is currently pushing.

Only three brands are asked for regularly in the UK: Bell's, Teacher's and, to a lesser extent, Famous Grouse. Significantly, they have all built up steadily from a high-price platform.

Bell's and Teacher's always took great care to be priced at least 10p above rival standard brands. Today, Bell's is the best-selling Scotch in Britain with a possible 22 per cent market share, Teacher's has 16 per cent and after Haig, with its previously-noted 13 per cent, comes a big gap before Grant's, Standfast and White Horse with 5 to 7 per cent each.

Famous Grouse is among the brands currently showing the fastest growth: it is probably where Bell's and Teacher's were in their development ten to 15 years ago. It now has at least 4 to 5 per cent of total "on" sales but less than 1 per cent of the take-home trade. The time is now ripe for it to capitalise on its growing popularity and command more take-home business at healthy margins of profit for all involved.

Because of Britain's peculiar drinks distribution system, with the brewers owning the majority of pubs and supplying most of the competing establishments like clubs and hotels, the support of a friendly brewer can be valuable to a Scotch brand, but only if the association doesn't damage the "image," something which is not always possible.

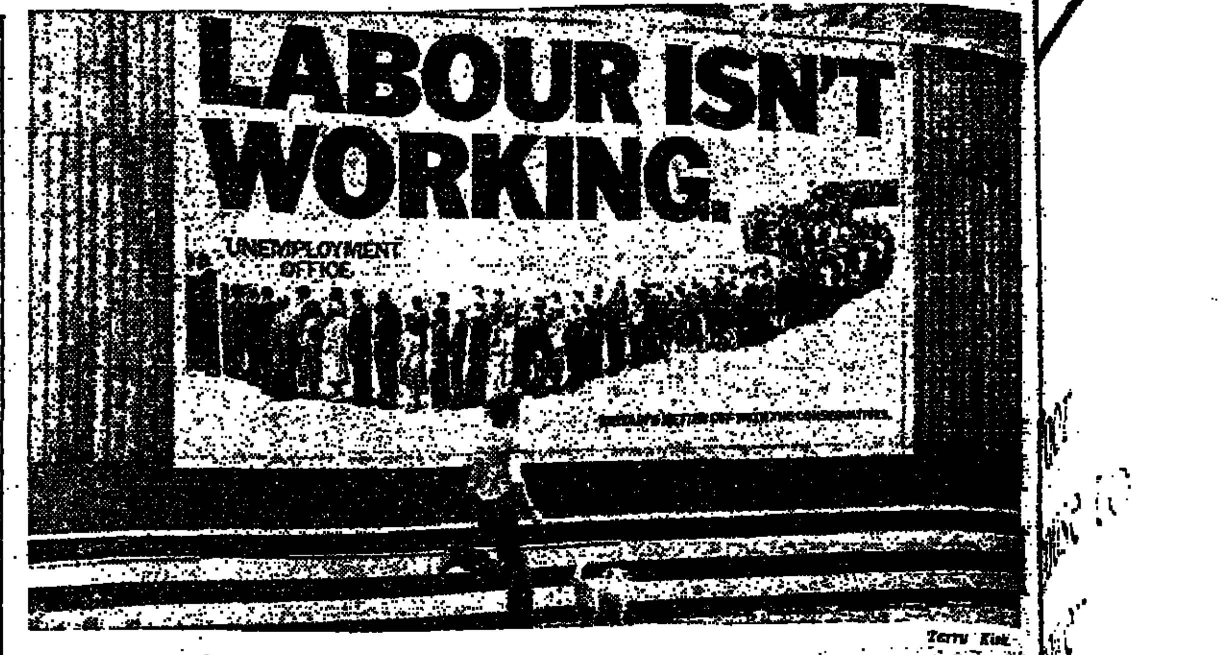
Grant's has managed so far to escape being labelled as "a brewers' brand"—and was extremely well poised to get the most out of the vacuum in the market that the Distillers Company created. The brand is now getting much more support from Bass Charrington, with its 9,000 pubs, since Bass dropped the agency for Vat 69 when the price went up. It has also replaced Vat 69 as the main pouring brand in the Greenall Whitley pubs, of which there are 1,500.

Grant's is marketed in the UK by a company jointly owned by Bass (30 per cent), Allied Breweries, which also owns Teacher's (30 per cent), Whitbread, owners of Long John (30 per cent) and Wm. Grant, the privately-controlled brand owner (10 per cent).

Highland Queen, the Macdonald Martin Distilleries brand, also seems already to have won something from the rearrangement of the market. Bass has taken on the agency and Highland Queen is the only Scotch the brewer will offer to the "free" (non-brewer-owned) trade in England and Wales. Again, Highland Queen will take up some of the slack left by Vat 69.

On the other hand, Queen Anne, owned by Glenlivet Distillers, a company recently taken over by Seagram, has been dropped by the Courage brewing group as a brand for the take-home trade. It is retained as one of the house whiskies in the 3,800 Courage pubs but must certainly feel an adverse impact.

There is still no point in looking for longer-term winners and losers for at least a couple of years. In the meantime, Scotch drinkers are having to think again about brand preferences. Perhaps they might also develop a little more brand loyalty in the process.



Terry Kirk

IS THIS A QUEUE?

THIS IS THE QUEUE that winds through the poster that attacks unemployment that has fuelled the row about political advertising. This week the Labour Party complained to the British Code of Advertising Practices Committee that this dole queue poster—one of the opening shots in the Conservative Party's estimated £2m election advertising campaign—was not at all what it seemed. The committee was also asked to consider the political broadcasts produced by the Conservative Party's agency, Saatchi and Saatchi Garland Compton. In fact, political advertising is outside the committee's scope, so it is taking no action.

According to Labour's acting general secretary, Reg Underhill, the queue "consists entirely of employees of Saatchi and Saatchi, each of whom appears on the poster five times, and does not represent a real queue of unemployed persons."

As for the Saatchi party political commercials, Mr. Underhill maintains that "broadcasts of *this* nature bring the advertising profession into contempt. Quite certainly, they mislead and/or deceive those who read or listen to them."

The feeling last night among those closest to the Tory campaign was that if Labour disliked the current poster, it hadn't seen anything yet. "The facts about unemployment are crystal clear," said a senior spokesman. "*For this reason we think the poster* perfectly valid. The dole queue was pictorialised with volunteers because to have used real unemployed people would have been most insensitive. They would have been recognised and humiliated.

"It is pure humbug for Labour to attack the Tory use of an advertising agency and then turn round and appoint its own team of advertising advisers.

"The success of the Saatchi campaign so far can best be judged by Labour's reaction to it, but Labour made a silly mistake in castigating this particular poster. They didn't think their criticisms through. There is work to come that will be more contentious. What Labour has done to the Saatchi dole queue is transform it—already—into a very famous poster."

Watch this space.

TV ADVERTISING Michael Thompson-Noel

Another autumn of discontent

RUNNING A MONOPOLY TV franchise in the midst of an advertising boom is not all fun and safari parks, as the current licence holders would undoubtedly attest. Their case for ITV2 has been rejected by the Government, though they will have to wait until after the election to see how quickly, if at all, the White Paper on the future of broadcasting is pushed boldly through as legislation.

In the meantime there is plenty of sniping from the wings. According to Chris Dickens, media account manager at J. Walter Thompson: "Yet again we find ourselves moving inextricably towards another autumn television advertising period threatened by over-demand, allocations, rationing and almost a take-it-or-leave-it attitude among many of the television contractors' sales personnel."

Naturally, the situation will be heavily influenced by the individual sales policies adopted by each of the contractors, but if any of them even slightly misreads the market, says Dickens, the residual minutage available will be sold at the eleventh hour under the guise of helping each contractor's "supporters"—that is those spending money on their products according to area share of homes or sales (as assessed by the contractors), whichever is the greater.

Writing in the first issue of *Options*, a new media digest published by JWT, Mr. Dickens states: "Some contractors have become so obsessed by this share argument that they have begun to lose sight of the absolute sums of money that are being discussed. A product spending £20,000 could be far more important to them in their terms than a product spending £50,000 . . . Do television contractors have a God-given right to control our access to the medium and to restrict our ability to communicate with people on the basis of an arbitrary figure which, for many marketing strategies, carries no substance whatsoever?"

According to Mr. Dickens, the time has come for the contractors to eliminate restrictive elements from their rate cards altogether, particularly in the face of limited airtime availability.

How full will the contractors be this autumn? First of all Mr. Dickens looks back to last November when most contractors admitted they were virtually fully sold at the maximum rate available on their rate-cards after taking account of agreed discounts. The net ITCA advertisement revenue last November was £34.6m, or £1.153m a day, a figure Mr Dickens considers an acceptable base for assessing the monthly potential this autumn.

"If we assume that November, 1977, was sold at 97 per cent of 'real' potential (having allowed for no breaks in adult education programmes and the breaks at both ends of the day not being sold at full rate), then at the rates applicable in 1977 the maximum potential for the autumn of 1978 would be: October, £36.8m; November, £35.6m; December, £36.8m."

Assuming that the same degrees of test, local and share discounts apply this autumn as last, and allowing for an estimated overall increase in the network's potential of 6 per cent —there have been minor adjustments to some rate-cards since last autumn—Mr. Dickens calculates that in order for the *network to be completely sold* out this autumn it would need to show revenue gains of 12.7 per cent in October, 9 per cent in November and 34.5 per cent in December.

"Even a conservative estimate of the money available to the medium in relation to 1977 would indicate an increase of some 15 per cent. This means that, allowing for the Christmas downturn in demand, the autumn will be full in most parts of the country.

"The contractors see this. We can therefore expect considerable pressures from them to book whatever is allocated to each product under threat of not getting anything else."

According to Mr. Dickens: "Unless we see a considerable shift in the attitudes of the contractors, television will rapidly become an inflexible medium where introspective attitudes rule the day and the individual needs of agencies and their clients obtain a minimal degree of consideration."

He suggests that advertisers and agencies bring three kinds of pressure to bear on individual contractors: "First, those contractors operating expenditure share discounts should be encouraged to abolish them immediately.

"Second, advertisers should be allowed the opportunity to freely move airtime from one product to another without any quid pro quo guarantees. When airtime is booked well in advance it may well be in the advertiser's short-term interests to substitute one product for another. This is currently not possible without extensive negotiations.

"Third, it is about time that the television contractors' sales policies considered more closely the individual marketing requirements of advertisers.

"I contend that many current investors in the television medium cannot take much more of the present restrictive, inflexible attitudes. It is about time that the Boards of these television contractors woke up to the fact that if competition existed, rather than monopoly, these attitudes would rapidly lose them money."

More close encounters

LONDON'S TOP three agencies have bunched up so closely in the billings race that there is now virtually nothing between them. As the FT reported last Saturday, Kodak is switching its £3m account out of J. Walter Thompson and into McCann-Erickson from next year—a bad blow for JWT but a move that underlines graphically the rate at which McCann has added on new business over the past 12 months, writes **Michael Thompson-Noel.**

MEAL-type billings for the year to June, 1978, were: D'Arcy-MacManus and Masius, £49.2m (+10.2 per cent), JWT, £47.6m (+13.3 per cent), McCann-Erickson, £46.5m (+36.1 per cent).

Including Kodak, the main McCann agency has added on no less than £15.65m worth of gains and new assignments over the past year. These range from Tesco's £6.25m to £800,000 from the COI, £800,000 from the Gaf Corporation, etc. Apart from the resignation of a conflicting £350,000 account, losses over the same period have been non-existent.

Of the three, JWT is the one clearly treading water, though before Kodak was snatched away it was showing a 1977-78 net business gain (including accounts won from rivals as well as new business from existing clients) of approximately £6.55m. Over the past year it has lost Berger Paints, Access, Kraft Margarines and Roses Lime Juice, among others, while its Pan Am business is to be re-routed, probably to McCann. On the other hand, gains include BP Retail (£700,000), McDougalls Baking Mixes (£600,000), Crown Paints (an estimated £1m), and Spillers Springer (£800,000), plus another 16 individual gains.

Still closing on the top three is the British-owned Saatchi and Saatchi Garland Compton, which in the year to June pushed its MEAL-type billings to £41.6m (+43.1 per cent—the best percentage gain among the top ten).

Temporarily, JWT's long reign as undisputed brand leader is over. But there is no TKO: the sounds from Berkeley Square indicate it is once more at work on the heavy bag.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● MATERIALS

Welded beams save weight

SIGNIFICANT weight savings in construction and shipbuilding work are offered by the use of welded steel beams to replace the traditional rolled beams in various shapes.

Tehdespalkki Oy, a Finnish producer, reports that the savings run from 30 to 50 per cent compared with rolled units of similar depth and flange width. The welded products range from 250 to 2700 mm deep with flanges from 50 to 800 mm wide and up to 50 mm thick.

The welding line has been set up by the company at a new factory with a capacity of 20,000 tonnes a year and the company attributes the weight saving for comparable strength to the success of the welding process which permits the use of thinner webs.

Standard profiles produced include I-sections for roof girders and columns; H-sections; asymmetricals for crane and bridge beams; box sections; and L and T-sections for shipbuilding. Tapered, curved and cambered products are also available.

The whole production process including transportation, is automated, with hot-rolled plate initially shot-blasted for quality welding. Butt-welding takes place prior to flame cutting and there are two lines, one for the products for shipbuilding and the other for construction materials.

Welding takes place without pre-assembly by a submerged arc method.

In construction beam work, plates are pre-bent before assembly so that the curvature welding imparts is compensated for. On the shipbuilding line, assembly takes place in one pass and the curvature is subsequently rolled out.

Completed product goes direct to an airless painting shop and is thoroughly dried, the various finishes ranging from one coat of primer to several coats of paint, or any specified anti-corrosion system.

Inspection is to standards laid down by Lloyds, Det Norske Veritas and the USSR Register of Shipping, among others, the same standards being used for shipbuilding and constructional beams.

The whole process has been developed by the Finnish company itself and it is now offering the know-how for licensing.

Tehdaspalkki Oy, POB 69, 34101 Ylivieska 10, Finland.

● HANDLING

Big containers emptied

AN open-frame raised vibrating unit has been devised for ensuring complete emptying of central base discharge bulk containers and similar vessels.

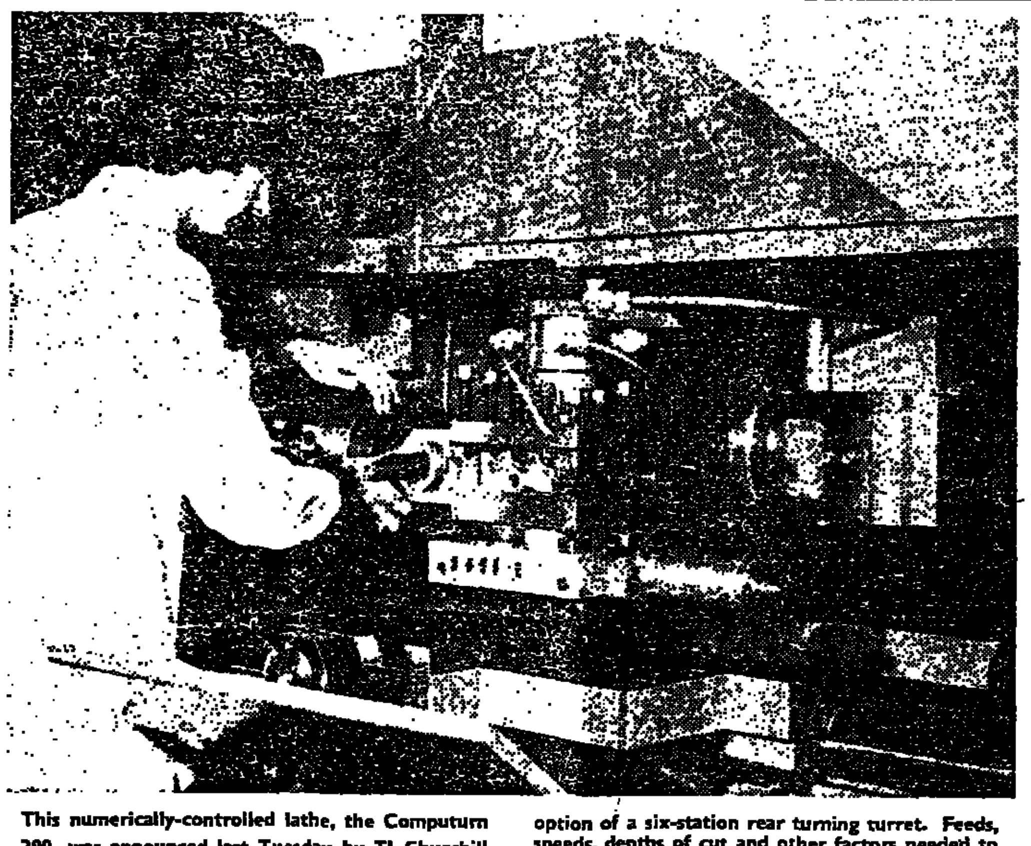
It overcomes problems caused by clotting or static build-up preventing free flow, often encountered with powders used in foods and industrial chemical processes, and particularly, with plastics granules.

The discharger is mounted on special anti-vibration rubber mountings. These ensure a high degree of isolation from the supporting stand and make for quiet running and easy servicing.

Power is from two Triton BM2S contra-rotating motors. These are three phase 415v. 2-pole ¼ hp continuously rated units.

Adjustable out-of-balance weights are provided so that the correct centrifugal force settings are simple to achieve with accuracy when adjusting vibrating amplitudes for specific applications.

Triton Engineering Co., Kingsworth Industrial Estate, Wotton Road, Ashford, Kent TN23 2LB.



This numerically-controlled lathe, the Computurn 290, was announced last Tuesday by TI Churchill of Blaydon-on-Tyne, Tyne & Wear. It has a four-station universal front turret and there is the option of a six-station rear turning turret. Feeds, speeds, depths of cut and other factors needed to produce a finished component are all carried in code form on the control tape and the machine operates from the latter automatically.

● INSTRUMENTS

Timing the events

MEASUREMENTS OF time between two events observed on a new 100 MHz oscilloscope can be consistently made with 1 per cent accuracy.

The Hewlett-Packard Model *1742A Delta Time Oscilloscope* is also available with an optional 3½ digit autoranging digital multimeter which displays time in seconds, milliseconds, or microseconds. This DMM option (034 or 035) can be ordered installed initially, or added later in the field because the delta time capability is in the basic oscilloscope. The DMM can also be used to measure ac and dc voltage and current as well as resistance.

In the delta time mode, the oscilloscope measures time between two events on either channel A or B, or between an event on one channel and an event on the other. Measurements of high-speed digital timing, transition times, propagation delay, and clock phasing are *rapid and with greater accuracy* than with traditional differential delay time base oscilloscopes.

Vertical deflection factors range from 5 millivolts to 20 volts per division over the full 100 MHz range. Vertical deflection factors may be increased to 1 and 2 millivolts per division on both vertical channels with a times 5 vertical magnifier with a bandwidth to 40 MHz. Thus the 1742A has the high performance required for both laboratory and field applications.

Hewlett Packard, King Street Lane, Winnersh, Wokingham, Berks. Wokingham 784774.

Powerful electron microscope

UNVEILED in Toronto by Philips Electronic Instruments is a new type of electron microscope, the venue being the International Congress on Electron Microscopy.

The company said the new unit had a patented twin lens objective and a scanning transmission control unit, but was otherwise like the existing EM-400 microscope.

Philips claimed that the modifications made possible a combination of imaging at atomic resolution with the capability to analyse materials "in particles as small as one-billionth of a metre."

The microscope should be available in the U.S. by the first quarter of 1979. Existing EM-400s can be retro-fitted with the new twin lens and control units.

Improves accuracy of recorders

MADE BY Astro-Med in the U.S. and available in the U.K. from Russet Instruments is a position feedback galvanometer for use in direct writing recorders, aimed at increasing their accuracy.

The unit is a self-contained 3 x 2.5 x 2 inch package with moving coil stylus arm on top. Input signals are fed directly to a multi-stage amplifier contained within the package. The amplified result is passed via a driver stage to the coil which surrounds a powerful permanent magnet. Any change in the position of the coil (which drives the stylus) is sensed by a transducer which converts position into a proportional electrical signal.

This position signal is compared with the original input to the recorder; if there is a difference a servo amplifier stage produces an output voltage to drive the coil to a null position. The *accuracy of the system is claimed* to be better than 0.5 per cent of full scale; frequency response DC to 200 Hz (flat from DC to 100 Hz with 10 mm amplitude).

More from the company at Sheen Park, Richmond, Surrey TW9 1UN (01-940 9981).

● DATA PROCESSING

Increases performance

AVAILABLE TO users of computer output on microfilm in Britain are two enhancements which will considerably increase the performance of installed Datagraphix equipment. One is a powerful read-write tape drive and the other a cartridge type disc drive with up to 12 Megabytes capacity.

For use with the 4500 and Automcome units, they can be installed in the field with operating units or specified as options on new units.

Over 30 of the 1600/6250 tape units are in use on user sites in the U.S. and Europe.

Incorporating automatic tape loading, the 1600/6250 bpi tape drive has the ability to accommodate four tape transports. Apart from giving increased throughput and faster job turnround, it provides greater data reliability.

The new disc drive has two discs—one fixed and one removable. Two models are available —one with three Megabyte removable discs and the second with six Megabyte removable discs. Average access time for the location of data in any track is less than 80 microseconds. The new units use interchangeable, 5440 cartridge, double-sided, oxide coated discs in polycarbonate dust-proof housings. Both fixed and removable discs can be used to contain programmes, job set-up parameters *and job accounting information.*

Datagraphix is at Drift Road, Windsor, on 034 47 5611.

In the meantime, Agfa-Gevaert has announced an agreement with Quantor Corp under which the former will add to the equipment it promotes and supports in Britain, the various Quantor COM systems. Quantor is an NCR affiliate.

At present the company maintains 41 COM installations in the UK, including 31 Pertec units for which it originally had the franchise. It is promoting the Calcomp Series 2100 of which one has just been sold to Vickers Management Services with a further two to go to one of the large UK motor makers in the near future.

Agfa-Gevaert, 27 Great West Road, Brentford. 01-560 2131.

Checking the tapes

INEXPENSIVE software packages by Engineering Computer Services of Tamworth, Staffs, will allow owners of small Hewlett-Packard desk-top computers to prepare and verify their own tapes for numerically controlled machine tools.

They will run on the HP-9825 and include the AP 100 for machining centres and the AP 200 for turning centres, together with post-processors which allow the basic geometry to be turned into machining instructions on specific machine tools. Used together, the packages offer users full 2½D tape preparation and verification facilities which are sufficient for around 90 per cent of all numerical work.

The new systems will be of special interest to two categories of users: first time users who are at the moment preparing their tapes manually or having their tapes prepared by a tape preparation bureau and wish to strengthen their in-house facility and cut job turn-round times; and to those who wish to extend their own in-house programming facilities.

Also available is a package deal consisting of the computer, all the necessary peripherals, and the software. Two hardware options are available: the low-cost standard system consisting of computer (with 24 Kbyte memory), HP-9872A plotter, and Data Dynamics Z1P30 (30 cps) printing terminal with built-in tape punch/reader. The extended option consists of the above but with a high-speed Facit paper tape punch and reader and a 150 cps HP-2631A line printer.

Both the basic geometry programs allow the user to verify work-to-date with the aid of the plotter after each stage of tape preparation. At any stage in the preparation of the program, the plotter can give the programmer an accurate drawing of the part to be machined, and the programmer will be able to see at a glance whether he had made any mistakes to date.

On existing batch-orientated bureau systems, this is not possible: the programmer has to wait until the tape has been completed before verification is possible. This makes the identification and correction of any errors more difficult.

Engineering Computer Services, Piccadilly, Tamworth, Staffs B78 2ER.

● COMPONENTS

Universal float switch

OFFERED by Gentech International is a simple and inexpensive float switch made from stabilised glass-filled nylon and suitable for applications ranging from vehicle radiators to domestic appliances.

For AC mains applications for example, it can switch loads up to 15 watts and in general can operate at temperatures up to 240 deg C.

It consists basically of a pivoted float carrying a magnet able to operate a reed switch in the fixed portion. As the float leaves the vicinity of the reed with change of fluid level, the magnet either closes or releases the reed contacts.

Each part is totally enclosed in plastic and since only a magnetic field is involved the device is intrinsically safe. No part is exposed to the fluid and there is no possibility of a short or damage from corrosion. Installation is by threaded bush in the tank-side.

More from the company at Grangestone Industrial Estate, Girvan, Ayrshire KA26 9PS (0465 3581).

More power in less space

TOROIDAL power transformers developed by Parmeko are of variable geometry design so that, for a particular rating the dimensions of a transformer can be whatever is required, within limits, to suit the space available.

It is now widely appreciated that compared with conventional laminated transformers of a similar rating, toroidal construction typically saves about 45 per cent of the volume and can reduce the height even more noticeably.

The variable geometry idea takes these space savings a stage further. It allows the shape to be changed in three ways: by altering the ratio of height to diameter; by selecting a small core with the winding space fully utilised; or by using a larger core with only part of the *winding space utilised.*

Parmeko's new 5500 series provides ratings up to 1 kVA (50 Hz) and within the overall range there is a selection of standard units to give quick delivery for popular applications.

More from the company at Percy Road, Leicester LE2 8FT (0533 832287).

● CONFERENCES

Treatment of water

A TWO-DAY conference which will be used to draw attention to the marketing opportunities open to suppliers of chemicals, plant *and services for the treatment of* water and industrial effluent has been organised by Frost and Sullivan.

It will be held at the Mayfair Hotel, London on October 18 and 19. Details from the organiser, 104-112 Marylebone Lane, London W1M 5FU.

FINANCIAL TIMES SURVEY

Thursday August 3 1978

ALBERTA

The Queen today opens the Commonwealth Games in Edmonton, capital of a Canadian province that has been spared the recession because of its oil and gas resources. But wealth has not warded off labour troubles, and medium term problems need to be solved.

Poor house to power house

By W. L. Luetkens

THE SHEIKHS of the North are at it again: promising liscoveries have given a new mpetus to exploration for gas nd oil in Canada's fastest rowing province, which can ruly claim to be the powerhouse of the country.

It was probably inevitable hat Alberta and its oil and gas nen (who include not only the ormal representatives of the ndustry, but also farmers and rofessional people having a lutter) should be likened to the Arabs. It also was a bit unkind. After a struggle, Alberta was revented from charging domstic producers the full world rice for oil when it shot up in 973. Instead the Canadian price vent up in steps, and at $12.75 a barrel since August , is still well below the world rice.

Mr. Peter Lougheed, the remier—a technocrat if ever here was one, who runs the rovince like a well-oiled usiness—speaks of the income hereby foregone as a contribuion that Alberta has made and s still making to Canadian ederation. None the less he, nd the rich rewards that lberta has reaped from its oil nd coal, are looked upon with nvy in much of the rest of anada.

Mr. Lougheed's devotion to anadian national unity should not be doubted, but he is a bit of an Alberta Firster. His Government has let it be known that all other things being equal Albertans will be given preference in doing business with it—though this is primarily a response to the policy of certain other provinces where the local contractor actually receives a margin of preference.

From being in the Canadian poor house during the Great Depression of the 1930s, Alberta has advanced rapidly since oil in substantial quantities was discovered in 1947 in the region of the provincial capital, Edmonton. The advance became breathless in the 1970s. Now that 8.3 per cent of the Canadian population which lives in Alberta produces 11.3 per cent of the Canadian gross national product. Investment in Alberta was rising by 27 per cent a year during 1975-77, and the province now accounts for 19 per cent of Canadian busines investment. But—and Mr. Loughead is the first to admit it—Alberta remains utterly dependent upon oil, gas and agriculture for its living.

There is a reverse side to the petrodollar coin. Housing in Edmonton and Calgary, where more than half the population lives, is the most expensive in Canada, though a benevolent provincial tax collector, flush with oil and gas revenues, has otherwise cushioned the impact upon Albertans of boom conditions. Moreover, the labour troubles that have been plaguing much of the rest of Canada have arrived in Alberta after several years of relative labour peace.

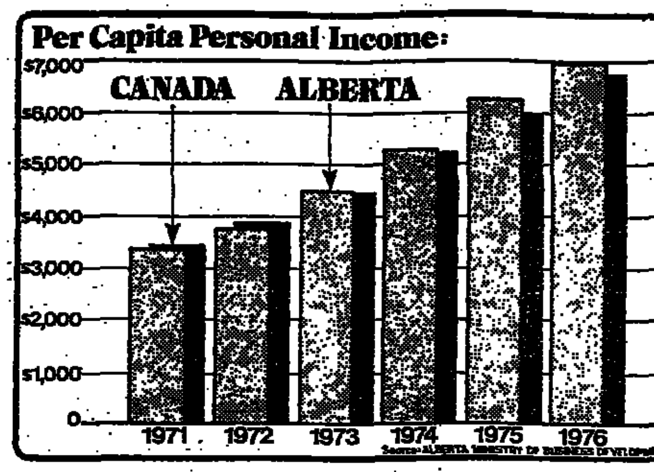
Strikes

This year the construction industry has had strikes; so have the breweries and the electrical industry. Since Edmonton is this year staging the Commonwealth Games there is a tempting parallel with the Olympic Games in Montreal, but in fact it does not seem that the Edmonton Games were held to ransom: the stadium was completed in time without the nerve-racking delays experienced in Montreal. The expiry of wage controls in Canada and the general prosperity in Alberta are sufficient explanation for the stoppages.

None the less they are a sure sign that not everything in Alberta is plain sailing. So are the human derelicts, who beg for quarters for a cup of coffee (or a drink) from strangers in some sections of Edmonton and Calgary. Some of them are the usual flotsam of boom towns; others are Canadians who were attracted to the province by its prosperity and found that there is little call for unskilled labour. It must, however, be added that the unemployment ratio in Alberta is low — something like half the 8.3 per cent of Canada as a whole (a figure that for methodological reasons rather exaggerates the extent of the evil).

This is a problem that, in the short run, could become worse since some of the big construction schemes in Alberta are coming to a conclusion: first and foremost the C$2.1bn Syncrude plant to extract oil from the Athabasca oils sands, has been completed; it was the main dynamo of industrial investment in the province. The world-scale ethane petrochemical plant at Joffre also is almost complete, and although a large benzene plant has received the necessary cabinet approval, it is still not quite clear precisely when construction will actually begin.

Per Capita Personal Income:



The same is true of the biggest venture of them all, for a pipeline to carry gas from Alaska through Canada to Edmonton, where it could be fed into existing systems carrying gas to U.S. markets. The Canadian section of the line, cost estimates for which range above C$10bn, is to be built by a consortium marshalled by S. Robert Blair, president of Alberta Gas Trunk Line.

Originally it was thought that work would begin around the turn of 1978-79. But the finances of the pipeline are unclear until the U.S. has worked out an energy policy and, more particularly, until there is clarity about the price Alaskan gas will command in the U.S. There could even be cheaper gas to be imported from Mexico in which case delays to the Alaska line could become even longer than the 12 months or so now expected.

Not even the oil and gas men are having it all their own way. Canadian Government restrictions upon exports of crude, imposed in the interests of conservation, mean that production from the Albertan fields is running at some 400,000 barrels a day below capacity—a figure that could increase to some 500,000 b/d by the end of the year as Syncrude comes on stream. In the case of natural gas a conjunctural setback to demand and the competition of heavy fuel oil in the industries of Ontario have created a similar picture. A third of the proved reserves are not yet connected up to collecting systems New finds may have to wait for several years before their turn comes.

Mr. Hans Maciej, technical director of the Canadian Petroleum Association, bluntly described the market as miserable and says the problem will be to maintain the momentum of exploration.

The big new oil find is at west Pembina. Oil companies have told the National Energy Board that they believe it amounts to between 200m and 1.5bn barrels. The smaller figure is assuredly too low. The estimates compare with proved reserves of 5.6bn barrels of conventional oil in the province (which excludes the oil to be extracted from the Athabasca oil sands and other unconventional sources). The big new gas find is in the Elmworth region: as much as 450 trillion (million million) cubic feet are said to exist there, but they may be hard to get out of a sandy formation.

West Pembina means that the exhaustion of the Alberta resources of conventional oil, forecast in the mid-1990s, will be postponed, by how much nobody can tell. By then, however, according to the conservative forecast of the Alberta authorities, the oil sands and the heavy oils of the Cold River and Peace Lake regions will be yielding some 950,000 barrels a day. It will be expensive oil: the sands must be mined, as at Syncrude, and then processed: or processed underground in the case of heavy oil. By then, too, Alberta may be making so-colled synthetic natural gas from its ample coal stocks — the third of its great energy resources.

The story of the sands has been a tantalising one: the possibility of profitable extraction of oil has more than once appeared to be imminent. With a special tax and royalty regime, Syncrude expects to make ends meet: but there is no guarantee that such will be the case.

That question mark overhanging the sands, with their potential resource greater than all the oil in Saudi Arabia, lends point to the determination of Mr. Lougheed to diversify the provincial economy and to process hydrocarbons locally to get a better price. The ethane complex marks a start: it has already attracted a number of plants producing derivatives. But there is no conclusive answer yet to the question whether Alberta can move on to finished products. The feedstocks are there, but markets are far away.

Shifts

As the economic centre of gravity of Canada shifts westward and as the Pacific rim develops Alberta may find itself closer to them.

In any case, nobody—least of all Mr. Lougheed—wishes to build up a classic manufacturing economy in Alberta. The emphasis is on high reward things that can be done with few people.

The provincial Government, for instance, takes pride in the support it has given to scientific research (though inevitably much of the emphasis has been on energy, such as the technology needed in the oil sands, and even upon rival energy sources such as sun and wind). A proposal to provide additional money for science and medical research to the tune of, perhaps, $30m-$60m a year is expected to come out later this year. As it is, the University Hospital of Alberta already has a good reputation in North America. To those who wonder whether academic research can flourish in a world that is not precisely cosmopolitan, academics in Alberta point out that the Mayo Clinic also began in very nearly the middle of nowhere.

On a more mundane level, Alberta hopes for investment, not least from Europe, in industries closely related to what it already has. The oil and gas industries need servicing: agriculture, with gross cash receipts last year of $2bn, requires tractors. The oil and gas revenues require financial institutions to channel them into profitable investment.

The vision has something almost middle class about it, in the good sense of those words. Good husbandry is of the essence of Mr. Lougheed's policies, to ensure that when and if the oil runs out, Alberta need not return to the poor house. The Heritage Fund (discussed elsewhere in this survey) is typical: in it the Lougheed cabinet banks 30 per cent of its revenues from wasting natural resources as an investment fund to help finance diversification, but also as a nest egg for the future (and above all under rules which sujects it to control by the Cabinet rather than by the legislative assembly).

When you see the cowboy boots and hats so freely sported in Edmonton and Calgary you may not believe it, but the province is steeped in the traditional values of good husbandry and order. In how many other cities of the contemporary world would the crowd have spared a generous round of applause for the police, such as its contingent received in the Klondyke days carnival at Edmonton last months? And that's more than can be said for the inappropriately silent float of the Society for the Preservation and Encouragement of Barber Shop Quartet Singing.

Energy picture changes again

WHAT DO YOU DO when the oil runs out? You go out and look for more, and you begin to make the stuff yourself. That, roughly, is what is happening in Alberta, Canada's main domestic source of gas and oil where not so long ago the decline of existing oil fields appeared to be proceeding quickly.

But lately the picture has changed. New oil has been found in the west Pembina district, near Edmonton, the first major find in years. The gas supply, which always did look more ample, has increased greatly. Last year the surplus was generally described as a "bubble." Now Mr. Hans Maciej, technical director of the Canadian Petroleum Association, says that it is a big balloon.

On top of that, the turning point could be in sight for the so-called synthetic oil, a product won by treating the sticky bituminous mess of the almost mythical Athabasca oil sands, and for the heavy oil, a slightly less sticky, but still not liquid bitumen, in the areas of Peace River and of Lloydminster on the Alberta-Saskatchewan border.

Gas too, might one day be made by man. Alberta has recoverable reserves of more than 11bn tonnes of coal (of varying qualities and accessibility), and by the end of the century could be turning some of it into so-called synthetic natural gas.

The big news from the sands is the Syncrude, a C$2.1bn plant to produce oil, is in process of coming on stream. For a number of years another sands plant, that of Great Canadian Oil Sands, an affiliate of Sun Oil of Chicago, has been producing synthetic oil, but at a capacity of about 60,000 b/d it has been too small and technical problems have been great. As a result GCOS, though it has made an occasional profit, has not so far been a paying proposition.

Syncrude could be different. By the end of this year it expects to be capable of producing 108,000 b/d, rising to 129,000 by 1982 after what is known in the industry as "de-bottlenecking." In addition, Syncrude has been built with back-up and double back-up systems at a number of points where GCOS has had failures, especially during the fierce winter in the Fort McMurray area when the sands freeze solid. For instance, Syncrude will mine the sands by scooping them up in giant buckets drawn by cranes with booms longer than a football pitch, and store them ready for processing. That will permit production to continue if the draglines fail: At GCOS the sand goes straight into the processing plant from the mine: a breakdown there shuts down the whole plant.

Favour

Syncrude reckons that it should be able to operate profitably, though there is no denying that the rules have been bent in its favour. For a start it has been guaranteed the world price for its oil, at present in the region of $15 as against a Canadian domestic price of $12·75 since August 1, though it will rise in steps to the world level. Then the federal Government in Ottawa has created an especially favourable tax regime with generous depletion allowances for heavy oil and oil sands. Moreover, the Government of Alberta is waiving royalties for at least five years at Syncrude, taking instead a share of a notional profit calculated according to an agreed formula. Hence Alberta takes nothing unless there is a profit.

The tax regime is extremely complicated, and further complicated by the fact that in theory at least both the federal provincial Governments can take their cut. But there is some reason to suppose that the oil companies believe it to be satisfactory since after a long period of quiet proposals are coming from the industry for setting up further plants.

The significant aspect is that these proposals have come from the private sector, whereas Syncrude (since the withdrawal of Atlantic Richfield) is a mixed private-public enterprise. The main shareholder is Imperial Oil (Exxon), with 31¼ per cent, followed by Cities Services (22 per cent) and Gulf (16¾ per cent). The remainder, being Arco's original share, was taken on by the Canadian, Albertan, and Ontario Governments which propped up the venture.

But now Shell has put up a proposal for a similar plant in the sands, estimated cost (at 1977 prices) $2.4bn; GCOS is thinking of expanding ($180m); Syncrude, all going well, will eventually wish to instal another 64,000 b/d ($1bn); and Imperial Oil has proposed a commercial scale heavy oil operation of 145,000 b/d near Lloydminster ($4bn). In addition Gulf and Petrocanada (owned by the Canadian Government) have invited Husky Oil, object of a recent ding-dong takeover battle, to join them in developing Husky's heavy oil reserves near Lloydminster.

Like the cost, the stakes are enormous. The federal ministry of Energy, Mines and Resources estimates that the oil sands and heavy oil areas contain altogether 1,000bn barrels, four fifths of it in the sands, of which between 84bn and 202bn barrels are recoverable.

The technologies involved are still in their infancies. The mining method practised by GCOS and Syncrude does work, but is effective only down to a depth of at most 200 feet. The present alternative, the so-called in situ method, functions only below 800 feet. It has been developed by Imperial's heavy oil pilot plant using what is quaintly know as the huff and puff method. Huff — you inject steam into the bitumen to melt it; and, puff, up it comes. It sounds and is very energy intensive: Imperial is planning to open a coal mine especially for its proposed large plant. It also is inefficient: most of the oil remains below ground.

Partner

The Alberta Oil Sands Technology Research Authority is hoping to find a commercial partner for a pilot plant to test a new approach that could increase the recovery rate to 60 or 70 per cent and could also work in the area between 200 and 800 feet below ground. It is a method of tertiary recovery devised by the Russians which consists not of huffing down steam from the surface, but digging a mine shaft to a point below the bitumen and injecting the steam laterally from there. You waste less heat and cover a larger area than by injecting from the surface.

Ottawa has set a target of 1m b/d from the sands and heavy oil by 1990, but the authorities in Alberta think that 620,000 b/d is more realistic. Their reason for doing so is not so much the financial and technical difficulties, but the changed outlook for conventional oil. West Pembina has not yet been fully evaluated: estimates go as high as 2bn barrels. The oil companies have published estimates varying between 1.5bn and 200m, the latter figure being too low. To put that into perspective one must add that present proved recoverable reserves are 5.2bn barrels. The point about west Pembina is that improved geoseismic methods alone have made possible the discovery. The oil is in vertical reservoirs a good deal harder to spot than the usual horizontal pool. Moreover west Pembina is the result of the Albertan Government's licensing regulations which in effect tell oil companies to drill or lose their leases.

In the case of gas the new find is in a 26,000 square mile region at Elmworth in the north west of Alberta. A stock of 450 trillion (million million) cu. feet is talked of, but much of it is mixed in sand and may be hard to get out. A portion in a conglomerate formation may amount to at any rate 6 trillion cu. feet more easily recoverable. Even that looks substantial when compared with the 51.7 trillion cu. feet of recoverable reserves elsewhere in the province.

Ironically all this good news is coming at a moment when demand for gas and oil is flagging for both conjunctural and conservationist reasons. Albertan oil production is running at some 400,000 b/d below capacity because the federal Government has been rationing exports to the U.S. in the interests of Canadian self-sufficiency. It is not a policy that Albertans much like. The "shut in" conventional capacity may even rise to some 500,000 b/d when Syncrude is going full blast at the end of the year. In the longer term relief may come by enlarging pipeline capacity to Montreal. Quebec and the Atlantic provinces are mainly dependent upon imports, which could be partially displaced.

There is a similar story to be told about gas. About a third of the proved reserve is not yet connected up. The waiting period to be connected up is several years. Especially for small independent producers that can spell trouble since they have an undue wait for a return on their costs, and bank loans are hard to get against unconnected reserves. Proposals have therefore been made to increase steeply gas exports to the U.S. Mr. Lougheed's Government in the past has pressed for a quid pro quo in the form of U.S. tariff concessions which would benefit the Albertan farmers and petrochemical industry. That pressure appears to be a little less urgent now, though neither the provincial nor the federal authorities have so far made up their minds.

Poor demand for gas has to be blamed on the economist situation in eastern Canada where industry needs less fuel than expected, and where the competition of residual fuel oil from the refineries is ruinous. Poor demand also has taken its toll of the coal industry in Alberta: shipments of metallurgical coal to Japan fell off from 5.2m tons in 1976 to 4.4m tons in 1977 because demand for steel was down. An alternative market is hard to find in eastern Canada, because of the distance.

Temporary

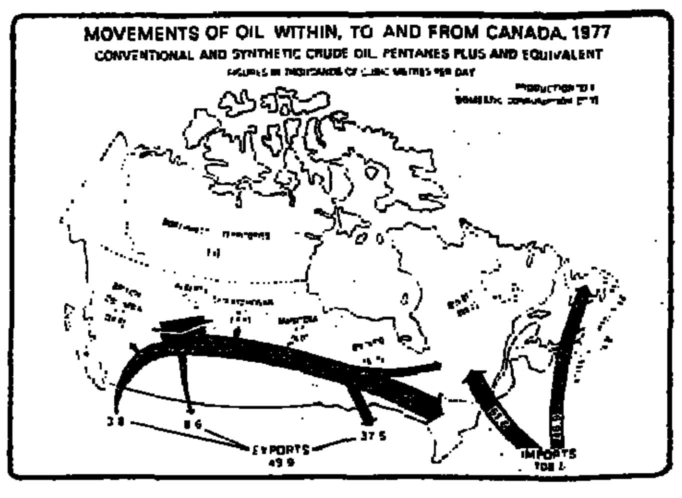
The best evidence that these troubles are considered temporary comes from the takeover scene in the oil and gas industry. A number of bids have been made, the most publicised of which was that for Husky. It ended, at least for the moment, with the news that Alberta Gas Trunk Line had secured 35 per cent of Husky. AGTL's president, Mr. S. Robert Blair, has made it clear that he will go for majority control if anyone muscles in.

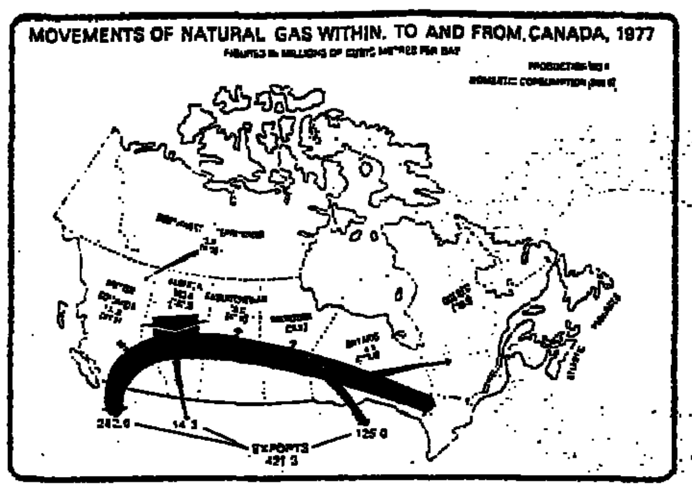
Husky is of interest because it has gas and large lands in the heavy oil region of Lloydminster. Mr. Blair's coup was in a way typical: it could be sold both on the grounds that it was good for the Canadian West, and on the grounds that it was good for AGTL. Much the same could be claimed when Mr. Bliar won the right to build the Canadian section of the Alaskan Highway pipeline to take Alaskan gas to market in the U.S. If Alaska proves to be big enough, another coup may follow: there is talk of doubling the pipeline eventually to carry oil as well.

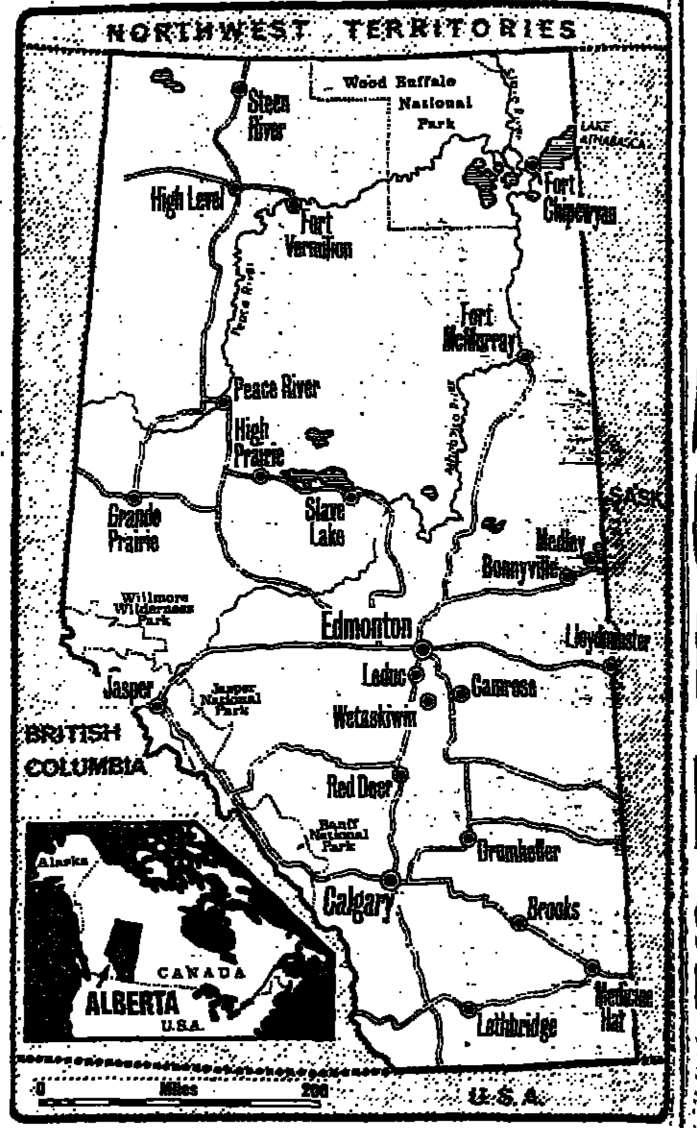
For the time being, however, the difficulties President Carter is having putting together an energy policy, have delayed the gas pipeline. An ingenious suggestion has been made to build the southern parts first and use them to export to the U.S. Alberta's current gas surplus. For conservationist reasons Ottawa may insist in that case that the gas be replaced later with Alaskan gas, but the difficulties of drawing up acceptable agreements to that effect appear to be great.

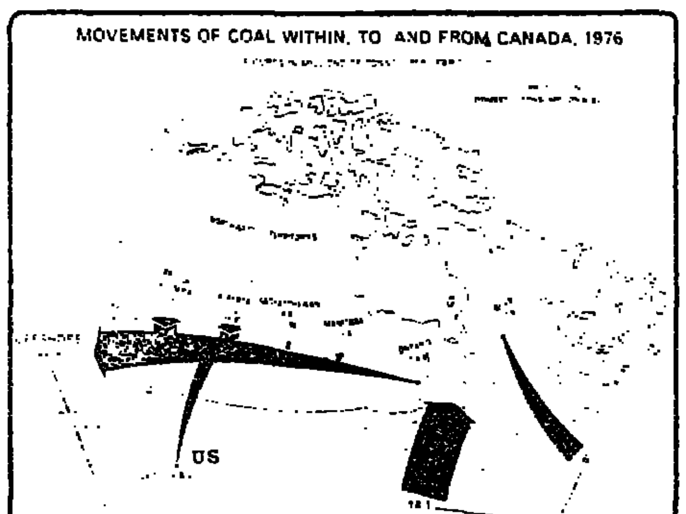
These are matters the significance of which extends far beyond Alberta. If Canada is not running out of conventional oil as quickly as was recently believed; if there is gas galore for export; and if there is to be not one Alaskan Highway pipeline but two, then the Canadian economic outlook in general and the payments outlook in particular will have been radically transformed.

W. L. Luetkens









Petrochemical projects

ALBERTA'S JUMP into the world league of petrochemical producers comes next year when the $1.5bn complex now being built is completed. That will give the sceptics the chance for their next round. They have had a field day with the project ever since the province's premier Peter Lougheed, in defiance of the thinking of the federal Government and of the conventional wisdom, set out six years ago to build a petrochemical industry in Alberta. So far, the sceptics have been wrong. The plants have been financed and will be built and not with the second line businessmen that Canada's provincial premiers seem to turn to so often when they want to turn their dreams to reality but with first-line chemical producers carrying out the project along with local participants.

Unassuming

The key local participant is Alberta Gas Trunk Line of Calgary, one of the two companies that Mr Lougheed most often turns to to carry out his plans. AGTL is headed by Mr. S. Robert Blair, a personally unassuming entrepreneur who is rapidly turning what was once a rather moribund local pipeline company into an industrial giant. Mr Blair, who was also the force behind the group that won the right to build the natural gas pipeline system from Alaska to the southern United States, has characteristically kept the key plant in the complex to himself. That is an ethylene plant with an annual capacity of 1.2bn lb now being built near Red Deer, a city halfway between Edmonton and Calgary. The $350m plant, being built by AGTL subsidiary Alberta Gas Ethylene, is on schedule and on budget, according to Dr. John Sutherland of Albert Gas Ethylene. Completion is expected next June with first production to begin in September.

As its feedstock, the plant will use ethane that is being stripped from natural gas before it leaves the province or is used by local utilities. The four stripping plants will produce about 80,000 barrels a day of ethane, 36,000 of which will be used by the ethylene plant, with the bulk of the remainder being exported to the U.S. via the Cochin Pipe Line.

The use of ethane as a feedstock gives the ethylene plant a number of advantages over plants that use crude oil. The plant is relatively simple in design and less costly to build and operate than plants using crude oil. Nor does it produce by-products as crude oil plants do. This is rated a major advantage in current market conditions where by-product markets, particularly residual fuel oil, are depressed in North America and likely to be so for some years.

In contrast to the Alberta project, the Sarnia, Ontario, ethylene plant of Petrosar, which is turning in a full year of production this year, is encountering major problems in the by-products market.

Dow Chemical of Canada, a subsidiary of Dow Chemical of Midland, Michigan, has contracted to buy all the output of the ethylene plant. Part of the ethylene will be used in two plants that Dow is building near Fort Saskatchewan, 30 km east of Edmonton. One of the Dow plants will have a capacity of 420m lbs a year of ethylene oxide and ethylene glycol, while the other will produce 700m lbs a year of vinyl chloride monomer. Dow will move surplus ethylene east through the Cochin pipeline to its plants in Michigan and Ontario. Alberta Gas Trunk and Diamond Shamrock Canada, a subsidiary of Diamond Shamrock Corporation, are building a polyvinyl chloride plant near Fort Saskatchewan which will use vinyl chloride from Dow. The first phase of the PVC plant will have a capacity of 220m lbs a year with an ultimate annual capacity of 400m lbs planned.

If current plans materialise, this $1.5bn complex, almost all of which is being built on budget and on schedule, is only the first phase in the development of the industry in the province. The export permits for the ethane run out at the end of 1985 and Alberta Gas Ethylene plans to twin its plant by 1985 then if market conditions warrant.

While the complex is located further from its market than most of its competitors, it has a number of advantages. Its supply of ethane is assured and the Alberta government has signed an agreement with the company to ensure that the natural gas from which the ethane is stripped will be priced in a way that ensures the viability of the plant. And by taking advantage of Canadian tax laws the ethylene plant was financed in a way that will give it a low interest rate in its early years of operation. Dr. Sutherland adds that the company is also competitive with any capacity that might be built in the Middle East. He feels that Middle Eastern plants are more of a threat to the European market, to which transport costs are much lower than if they tried to serve the North American market. Furthermore, the cost of building a plant in the Middle East is much higher than it is in Alberta. "Those are high cost situations. They have no local skilled labour and no infrastructure." He noted that an Alberta Gas Ethylene consultant was recently in the Middle East and was told that he could sell an ethylene plant there for twice what the Alberta plant is being built for if he were willing to bid on a fiscal price basis.

Dr. Sutherland is also confident that the PVC plant will lead to the building o a secondary processing industry in Alberta that will use the plastic for many products. "At the moment, the downstream processing industry in Canada is inhibited because it gets high cost raw material." Since the Alberta industry is export oriented and pricing its products at world market levels, the competitive position of downstream manufacturing will be enhanced over the situation that has typically prevailed in Canada. This will allow processors to be export oriented as well, he said. Processors require much less lead time to build their plants than is needed for the complex to be built, so he is not upset that there has not yet been a rush of announcements of plans for processing plants.

One of the critical factors in the future of the industry is the outcome of the current round of world trade talks in Geneva. If the U.S. lowers its petrochemicals tariffs as a result of the talks, it would make the current project more profitable, although it is competitive under present tariff rules. What is more important is that a lowering of U.S. tariffs is essential for the building of further petrochemical projects in Alberta. The current project, while dependent in part on export markets, is basically designed for the Canadian market. Future expansion would have to be more heavily weighted to the U.S. market, and lower tariffs are a prerequisite for successful market penetration.

Alberta has tried to nudge the trade negotiations in the direction of lower tariffs by linking its willingness to let more natural gas move out of the province for export to a lowering of tariffs on its petrochemical and agricultural products moving south. While the U.S. Government has enough sympathy for Alberta's position to have sent Vice-President Walter Mondale to Alberta to see Mr. Lougheed, even U.S. officials acknowledge that what happens to U.S. tariffs in Geneva is related more to what happens between the U.S. and the Community and Japan than Canada.

Fertiliser

The world-scale ethylene complex, however, is not the only string to Mr. Lougheed's petrochemical bow. A number of nitrogenous fertiliser plants built in the mid-1970s in the wake of the oil price increases and fertiliser shortages are now in production. Alberta Gas Chemicals, a subsidiary of AGTL and Allarco Developments of Edmonton, has plans to double the capacity of its Medicine Hat methanol plant, which now makes 1,200 tons of methanol a day.

And the second of his favoured business partners, Alberta Energy of Calgary, is getting its piece of the petrochemical action. It recently received provincial Government permission to build a $250m benzene plant with an annual capacity of 1.1bn pounds of benzene. The Government, however, is insisting that the plant be built further away from Edmonton than Fort Saskatchewan and the company is still studying possible sites, according to Miss Arlene Moore, AEC's secretary. The consortium, which includes Hudson's Bay Oil and Gas, Mitsubishi Corp. and Mitsubishi Petrochemical, along with AEC, is currently negotiating markets for the benzene and by-products and will carry forward plant design and construction when these are complete. The goal is a start to construction in 1980 with completion in 1982. The consortium will also be moving ahead with plans to add another working interest partner with experience in the aromatics business or the petrochemical industry. Miss Moore said that one of the key decisions to be made is what to do with the by-products, such as butane and naphtha, that the benzene plant will produce. One of the alternatives being considered by the consortium is a synthetic natural gas plant.

Jim Rusk

Opportunities abound in Alberta

Canada's growing free-enterprise province

Strong, Expanding Economy

The per capita Gross Domestic Product of Alberta is the highest in Canada — $11,230 in 1977. And the province anticipates even greater economic growth in the future. Alberta is destined to play an ever more significant role in the Canadian economy in the months and years ahead.

Good Investment Climate

Alberta continues to enjoy a stable political and social climate. The province's labour relations have traditionally been excellent. These factors have helped attract new commercial and industrial developments to the province. Investment intentions for 1977 were estimated to be $8.7 billion, up almost 13% from 1976.

Energy Rich

Alberta possesses abundant supplies of conventional oil and gas reserves, coal and hydro-electric power. In addition, the province has the Alberta Oil Sands — estimated to contain ultimate recoverable reserves of 200 billion barrels of synthetic crude oil (32 billion cubic metres). In June 1978, the $2.4 billion Syncrude extraction plant will join Great Canadian Oil Sands, in operation since 1967, in producing oil from one of the world's largest known oil deposits.

Diversified Economic Base

As well as a strong oil and gas industry, Alberta has growing manufacturing, agricultural and petrochemical sectors which will attract additional industries to the province.
Due to begin operations, on schedule, in the summer of 1979, is a $1.5 billion ethylene-based petrochemical complex. This project involves 9 major plants and will provide new opportunities for downstream secondary manufacturing.
The $10 billion northern pipeline project to carry Alaskan natural gas to the American mainland will have a tremendous impact on the economies of Alberta and the rest of Canada. Some $3 billion of the total expenditure will be spent in Alberta and other parts of Canada.

Joint Ventures Welcomed

With so many developments currently underway and with many more projects planned, huge amounts of capital are required. Joint ventures and licensing arrangements between non-Canadian investors and Albertan and Canadian partners are welcomed by Alberta. The province welcomes foreign investment, particularly in the areas of food processing, petrochemicals, manufacturing, steel and minerals, and forest products.

Low Tax Rate

The overall taxation rate in Alberta is the lowest in Canada. The province expects to maintain this position well into the future.

Alberta
GOVERNMENT OF ALBERTA

To learn more about investment opportunities offered by Alberta, please contact:

Alberta House,
37 Hill Street,
LONDON W1X 7FD ENGLAND
Phone: AC01-499-3061 Telex: 51-23461

14th Floor, Capitol Square,
10065 Jasper Avenue,
EDMONTON, ALBERTA, CANADA
T5J 0H4
Phone: (403) 427-2297 Telex: 037-3651

Suite 703, 510 West 6th Street,
LOS ANGELES, CALIFORNIA, U.S.A.
90014
Phone: (213) 624-6371 Telex: 0067-4157

7th Floor, Aiosaka Tokyu Bldg.,
14-3, 2 Chrome, Nagata-Cho,
CHIYODA-KU, TOKYO, JAPAN
Phone: 501-3011 Telex: 72-28543

EDMONTON

On this page Wolf Luetkens reviews the progress of Edmonton—Alberta's capital and host city for the Commonwealth Games—from a frontier trading post to its present affluence, and Doug Gilbert the impact of the Games on its future.

City of bustling growth

THE CAPITAL of Alberta and venue of the Commonwealth Games opening today began as a North American frontier town and that, at bottom, is what it has remained to this day. The first Fort Edmonton on the present site of the city was set up in 1802 to trade in furs, then the only source of wealth in the region. It serviced trappers and others in the trade by supplying them, among other things with pemmican, the dried meat of the prairies. Modern Edmonton to a great extent draws its economic strength from gas and oil, which are the main source of the wealth of modern Albertans, supplying the extracting industry with the multiplicity of services that it requires.

In the early days it was the gateway to a North which was the haunt of trappers. It still calls itself by that name, only now that North has a very different significance. It contains the Athabasca oil sands which, potentially, contain more oil to be extracted than the whole of Saudi Arabia. Whether it can be done profitably with current technology is something that is about to be put to the test. The $2.1bn Syncrude scheme coming on stream on the sands near Fort McMurray was to a great extent managed from Edmonton, where much of the equipment was pre-assembled.

As a frontier town, Edmonton was and is brash. The spacious streets may not be paved with gold, but fortunes have been and will continue to be made quickly. As is the nature of booms, the current one, based on gas and oil, has produced side effects of distress in fair measure. Housing prices have gone through the roof, the suicide, divorce and alcoholism rates in Alberta are high, and Edmonton is no exception. Unskilled workers, as opposed *to the skilled, who have been* attracted by the golden publicity, have found the going hard: down-and-outs are not unknown in downtown Edmonton, sprawling under a blanket on a bit of grass waiting to be built over.

Yet the visitor to Edmonton will quickly be reminded of the historic fact that the frontier in British North America was immeasurably less lawless than what went on south of the U.S. border. Over and above that, Edmonton has largely been spared the racial problems of the U.S., as has most of the rest of Canada. There is no colour problem, in spite of an ethnic mix that includes people of British, Slav, Scandinavian, Chinese, and German origin.

Pride

That is an important element in the "livability" of the city which the Edmonton authorities like to stress with more regard for making a good impression than for elegance of diction. They take especial pride in the 7,000 acres of green belt that does not surround their city, but actually divides it in two, where the North Saskatchewan River has carved its way deep into the plains.

On the northern shore there stand the high-rise buildings of the downtown business centre and of government, as well as the mock-baroque of the domed Legislative Building put up for the newly founded province of Alberta in 1907-12. The southern part of Edmonton is largely residential, including many needlessly tall blocks of flats, but also has the campus of the University of Alberta—spacious greenery between handsome buildings giving it a pleasingly academic air. The river valley has been set aside as parkland for recreational purposes, including a golf course. Building is allowed only exceptionally.

Close to the office towers on the northern shore a joint effort of the citizenry, who raised funds with a will, has recently ended in the completion of a new home for the Citadel Theatre with two stages *and a third performing area.* The use of red bricks has saved it from the usual glass and concrete appearance of a theatrical machine. The artistic director, Mr. Peter Coe, is an Englishman who has set some of the Canadian acting profession by the ears by insisting on engaging foreign actors for some of the star parts. Canadian nationalism always is a ticklish issue, but Mr. Coe appears to have been upheld by the powers that be.

As well as the theatre the town has a fulltime orchestra, a small ballet company (good but not rich enough to afford anything better than a tape recorder for its music), and an opera company that can only afford a short season and does not seem to have widened its appeal beyond the confines of the black tie and pearls circle.

These are all undeniable assets, but they are not what makes Edmonton what it is. It is the seat of a provincial Government that has so much income from the oil and gas industries that it does have difficulty in spending all its money. And it is one of the two centres of the boom that oil and gas have produced. The other is Calgary, the historic rival to the south, where the multinational oil companies and many big Canadian financial institutions have centred their Albertan operations.

But being the seat of a Government that has an investment fund of more than $8bn (about £1.4bn) at its disposal, Edmonton inevitably has also attracted financial institutions. One of Canada's newest chartered banks, CCIB, the Canadian Commercial and Industrial Bank, has made its home in Edmonton with an eye on the oil service industries and small industry as clientele; the Sun Life of Canada, largest life assurance company in the country, has established its western Canadian headquarters there. Barclays Canadian affiliate and that of Banque Nationale de Paris (along with Warburg's a shareholder in CCIB) is there.

Manufacturing never was the strength of a province as thinly populated as Alberta with fewer than 2m people. But some 25,000 residents of the Edmonton area are occupied in manufacturing, the biggest sectors being food and beverages and the processing of petroleum. With an eye to migration gains and to the possibility that the oil will one day run out, Edmonton has for long sought additional investment through its Business Development Department.

Key

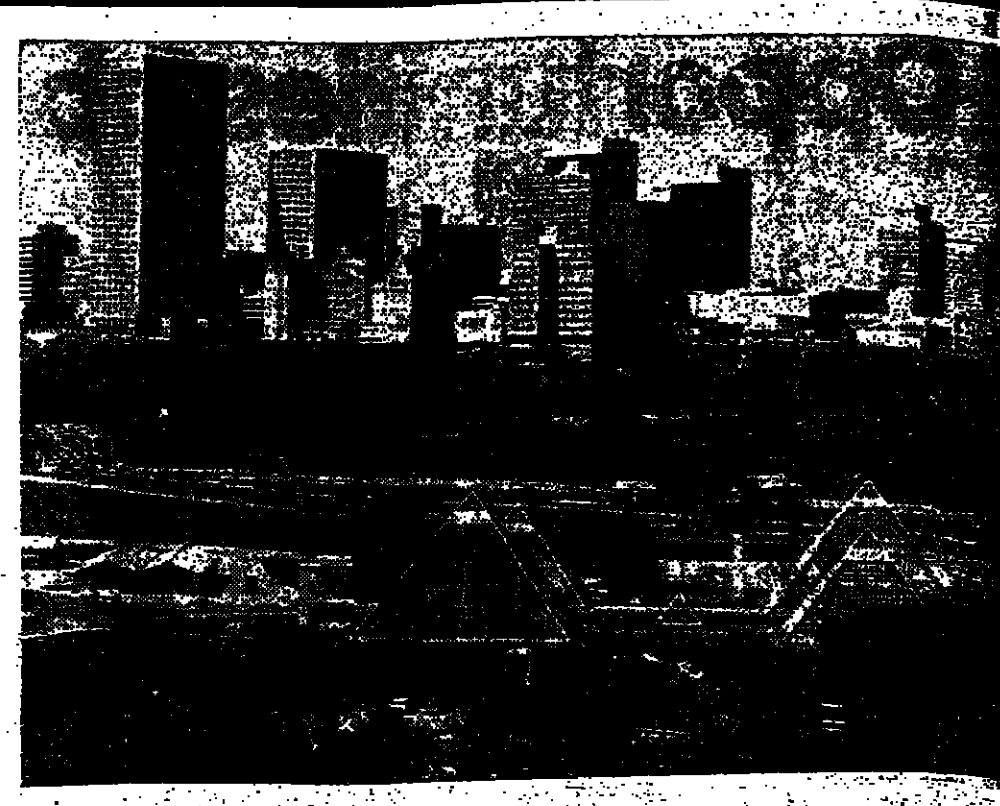
This department argues that Edmonton is the key to Alberta—that 86 per cent of the industrial investment and 80 per cent of the jobs about to be created in Alberta are within the trading area of Edmonton. That area is somewhat arbitrarily defined as the area *of the province north of the* half-way line between Edmonton and Calgary. Arbitrary it may be, but a case can be made out on the strength of transport costs. The area includes 71 per cent of the Albertan farmlands besides most of the conventional oil and gas, not to mention that bit of grass.

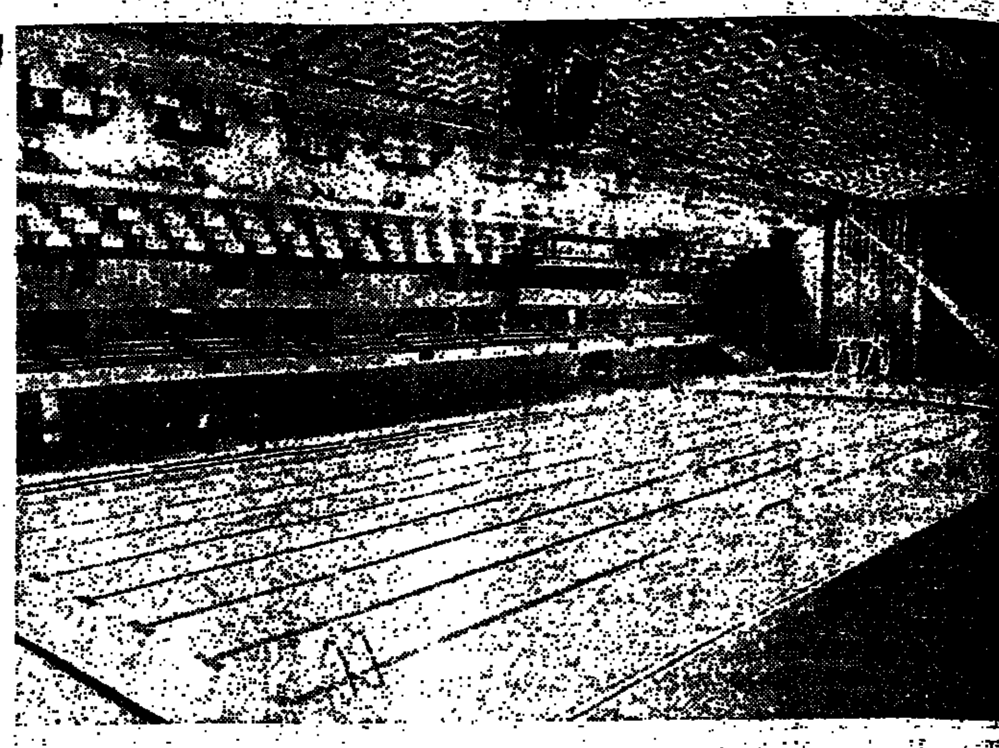
Why invest in Edmonton? If you put that question to the mayor, Mr. C. J. Purvis, he will cite the natural resources of the province and the existence of a population which he describes as dynamic and devoted to free enterprise. To him Edmonton's potential sphere of business extends from the Yukon in the north as far south as California.

Mr. Purvis hopes for an economic impact for years to come from the Commonwealth Games. The international attention focused upon Edmonton, he says, will show the business community that Edmonton is a modern city of "untold opportunity." By the end of the century, he says, it will have grown from its present 600,000 inhabitants in the metropolitan region to anything between 750,000 and 1m. On that count it will still be well behind Toronto, Montreal, or Vancouver, but Mr. Purvis says he does not mind: size is less important than the quality of life.

That is a very Albertan sentiment. The last thing Albertans want is swarms of immigrants from within or without Canada creating an urban proletariat. Bankers, technicians, scientists, doctors, computer men and the like, are welcome. The unskilled, provided they come from within Canada, cannot actually be kept out. But they may finish up dossing down on that bit of grass

So although Edmonton still smacks of the frontier, things have moved a long way during a century or thereabouts of genuine urban life. The wealth to be seized upon then by ploughing up the prairies or panning for gold in the North Saskatchewan River has by now become a reality to be protected as well. The upper crust, with its opera and the handsome and exclusive Edmonton Club, is striving to give life a degree of formality that it lacked in the past—though the democratic horse sense of the West will always limit the scope for formality and snobbery. The gruff and the polite will continue to exist side by side.





Top: The Edmonton skyline. Above: The Commonwealth Pool at the Kinsmen Sports Centre.

Frontier meeting place for the athletes

WHEN the Queen steps to the microphone to open the 11th Commonwealth Games in the brand new crown jewel of western Canadian sports stadiums this afternoon, she will be participating in something of a statistical oddity. It will be the first time the Commonwealth Games will have ever been opened and held in a city where the majority of the population has not been educated in the British tradition.

More than 55 per cent of the city's residents, according to the latest Canadian Government census figures, are of central and northern European origin; most of them came to Canada in two great immigration waves after World War I and World War II.

Before that the area now known as Edmonton was little more than a fur trading outpost somewhat to the north and west of the "wild west" made popular by novelists and the Hollywood motion picture industry. Only within the past three decades has it been transformed into a major metropolitan centre by the oil industry.

Boom

Edmonton has a population of 584,000 today, almost four times what it was when the Imperial Leduc oil field was discovered just south of the city in the late 1940s, and perhaps only half of what it will be by the end of the 1980s. The continuing energy resource boom has made Edmonton not only the fastest growing city in Canada, but also one of the fastest growing cities in the world.

As such it is starting to attract a lot of visitors from all over the world as well as international events such as the Commonwealth Games. Plans are already well advanced towards staging a World Student Games some time in the 1980s.

Before the 1972 decision to award the Commonwealth Games to Canada, the average Edmontonian, who is Canadian-born, under 35, and the son of parents who came from generally tough circumstances in Britain, the Ukraine, Germany, Poland, Scandinavia, Holland, Italy, Hungary, Czechoslovakia, or France knew little or nothing about the Commonwealth.

The Commonwealth has never played much of a role in the life of the western Canadian. When Games officials were interviewing potential information *hostess candidates a few months* ago they found that most, other than school teachers, could name no more than three Commonwealth countries; could name no Caribbean Commonwealth countries; no African countries; and opted for the likes of the Netherlands, France, and Germany when asked about European Commonwealth countries that would be sending teams. These are not, they were told, the Common Market Games.

The school population spent the last months of this school year immersed in work books on Commonwealth history, Commonwealth sport and Commonwealth literature, marking the first time anyone has made a serious effort to put together a quality compendium of the best in prose and poetry from the British-traditioned areas of Africa, Australasia, the Americas and Europe.

The children finished the school year with "pretend" Commonwealth Games where they all got to represent the different countries. My six-year-old daughter who was a "pretend" New Zealander now has a strong dislike for Wales, the team that ran roughshod through her school's competitions. Unlike Montreal, Edmonton stayed within its Games budget, but there is some reason to suppose that some work to the stadium was a bit skimped.

Edmonton is *learning* about the Commonwealth through contact with the Commonwealth. It is possible that as a result of the Games our young, under-35 typical Edmontonian with his oil-related affluence might soon give up his annual vacation trek to Hawaii and/or California and give Britain a try.

But in the next 10 days the Commonwealth is also going to have the opportunity to learn a lot about Edmonton, with the eventual result that when it comes to travel the reverse might well be the case, too.

And what will they find? The most notable thing anyone from Britain or Europe will notice about Edmonton is the air you breathe when you first step off the aircraft. It is pollen free to the delight of all hay fever sufferers, and about as close to pollution free as you will find in the industrial world. The clean facades of the high rise buildings testify to that.

The air is dry, with very low humidity which makes an otherwise stifling hot day acceptable, and a cold winter day much more bearable. Also, while it is true that the winters are long and very cold, with temperatures dropping as low as minus 40 Centigrade, the summers are delightful with warm days, cool evenings and sunsets at 10 pm.

If the visitor wants to travel west 4½ hours by car he will come to the resort area of Jasper and the magnificence of the Canadian Rocky mountains. The three-hour drive south along the Columbia ice fields from Jasper to Banff near Calgary has been described by many who were born and raised in the European Alps as the most scenic mountain drive in the world.

Should he choose to stay in the city he will see a city growing so fast it's hard to keep up with anything. While all of Canada has an unemployment rate of almost 9 per cent these *days, Alberta has only 4.4 per* cent.

Edmonton's delayed rush to the big time has allowed the city to take advantages of the mistakes others have made earlier, particularly in the field of ecology. Edmonton has more developed parkland than any city in North America, and the entire North Saskatchewan River valley has been turned into almost a dream area *for* joggers and other sports enthusiasts.

Sport

When it comes to professional sport, Edmonton fans lead the country with their turnouts. The Edmonton Eskimo football team has already sold more than 38,000 season tickets for its games in the new Commonwealth Stadium, and that is 18,000 more than Montreal sells for football in the 1976 Olympic stadium working from a base of five times the population.

Edmonton's new ice hockey arena, the 16,000 seat Coliseum where Games gymnastics will be held, is second to none in Canada for design and comfort.

The city also now offers the best theatre in western Canada through the new Citadel theatre, which is in its first year of operation under the direction of Mr. Peter Coe, an Englishman who has been up to his ears in a fuss with the Canadian Actors Equity Union over the use of non-Canadian talent in the lead roles. Equity feels that, since Britain now restricts Canadian talent from working in Britain, Canada should raise its barriers in defence. Mr. Coe and the Godfather of the Edmonton stage, a barrister and executive producer, Mr. Joseph Shoctor, do not agree. They are holding firm, and they will win. Canadian theatre will eventually be much the better for it.

During the last two weeks of July every year Edmonton stages its annual celebration of Klondike Days with the whole gamut of western hoopla, including 1890s dress, drum majorettes and brass bands.

It's fun, but it's really not all that appropriate. The true jumping off point for the gold rush to the Yukon was Dawson City in the Yukon. That was the town of the gambling, the dance hall girls and the poems of Robert Service with his Dangerous Dan McGrew.

Edmonton could more appropriately hold "Oil Week" with the population attired in 1970s outfits, except that oil does not have the image of street fun in these or any other days. A well is nice to have nearby as a security blanket, it's true, but it is not the sort of thing to make you want to dance.

But Edmonton does have casinos. Alberta is the only province in Canada to allow this form of gambling. The casinos have to be sponsored by a charity, and with that in mind there are limitations of the size of the bets, and the facilities have been designed more with the working man in mind than the high-rolling tourist. There are direct flights every day from Edmonton to Las Legas for the heavy gamblers.

Boom towns inevitably have their seamy side. If you want trouble you can find it in Edmonton, as elsewhere. But stay in the main downtown area and you will have none.

Edmonton has a zoo, a fine provincial museum, several art galleries, some of which are special in their offering of native artifacts, and a constantly improving selection of restaurants.

There used to be quite a bit of truth in the Canadian comment that, while Montrealers could live to eat in that city's fine French restaurants, the rest of the country, and particularly the west, had to eat to live.

That, happily, is no longer the case. Now that Edmonton's affluence has been matched with the virtual UN of a cultural immigration mix, there is a wide variety of improving restaurants in Edmonton. The city's best restaurants would do well nicely in Montreal itself.

That is one of the more delightful things the Commonwealth is going to find out about Edmonton in the next ten days of the Games. Both the hosts and the guests should have a great time getting to know each other.

Below, John Howse profiles the man in the Albertan driving seat, Premier Peter Lougheed, and the mastermind behind the Province's energy development, head of Alberta Gas Trunk Line, Robert Blair.

Peter Lougheed

PREMIER Peter Lougheed has just about everything a politician could ever desire. He looks unbeatable at the forthcoming provincial election; his province has the most buoyant economy of all 10 Canadian provinces. It is oil rich, seething with entrepreneurial fervour, alive with old-fashioned optimism about free enterprise and the need to work hard for the good life.

Yet Mr. Lougheed worries, *privately*, about not being liked personally in contrast to being loved by the voters at large, and, publicly, about outsiders not liking Albertans.

He is not, as an eastern Canadian newspaper recently labelled him, Ali Baba. Not yet, anyway, and he denies vehemently accusations that this province — once hard up and the *recipient of rail-freight* cars of aid from eastern Canada during the great depression, has turned greedy and self-seeking.

Alberta claims that it has contributed an unmatched $14bn to Canada's economy since it agreed not to seek an immediate oil price rise to international levels in 1973 when the Arabs dropped their bombshell. "That's a very, very substantial contribution, unequalled in confederation, and we have accepted that as being part of this nation," Mr. Lougheed *recently told the* Canadian Public Relations Society annual meeting in Edmonton. What he sought to dispel for the image makers was the image of Alberta—and of himself—in other parts of the country as the land of oil rich sheikhs, jobs (Canada currently has 1m unemployed) and disregard for the rest of Canada, coupled with a hatred of French-speaking Quebec.

But with oil and gas revenues soaring as the Canadian crude price, which was raised to 12.75 per barrel on July 1, approaches world levels. Alberta's main woe is a coy embarrassment of riches. Its Heritage Fund, a "rainy days" savings account, now tallies $3.3bn and the newly emergent gnomes of Edmonton seem hard-pressed to know what to do with it.

In almost miserly fashion, Mr. Lougheed plays down the swelling nest egg. "When you look at this so-called massive wealth, why think of it as any different from someone selling their house with the understanding that they will have to move out ten years later," he says. He is referring to a somewhat vague estimate of the peak producing years left to Alberta's crude oil wells. But events seem to be overtaking *the Premier's pessimism*—modest new crude reserves are being found, a second synthetic oil plant comes on stream, this summer *from the fabled* Athabasca oil sands and the province, at least in the short term, is actually glutted with so much natural gas that new discoveries face, at best, a two to three year wait before they can be linked to pipelines and markets.

Few, then, will be leaving the house that Mr. Lougheed has built—*and in his own terms* is selling—since his election put an end to a record 35 years of social credit rule in August 1971.

But quite a lot of ministers are leaving the Cabinet which Mr. Lougheed runs with firm control: as a rule ministers are given *new portfolios* after a legislative term to prevent empire-building, as Mr. Lougheed puts it. No fewer than 12—or half the Cabinet—intend to leave the Cabinet after the election due by 1979.

The key defector is Energy *Minister Don Getty*, who played professional football for the Edmonton Eskimos when Mr. Lougheed himself was part of the grid-iron team, and who was among the lonely group of six progressive conservative members to undertake the task of unseating the entrenched social credit machine.

Mr. Getty says he is leaving to redress the imbalance between politics and the time he gives to his wife and four sons. He is also an oilman who would dearly love to return to the lucrative and exhilarating *oil patch*. Other probable exits will be made by Deputy Premier Hugh Horner and Attorney-General Jim Foster, while Housing and Public Works Minister Bill Yurko has already signalled he is moving to federal politics.

In many cases, money is the real attraction. The opportunities outside politics, in contrast to provinces where public life is the only game in town, are dazzling. Yet it is in the so-called "people" issues, those that affect the relations between *a government and those of its* people in trouble, that the Lougheed dream team tends to flounder. The Premier, so at home with oil pricing, high *finance and the need for* petrochemical and agricultural tariff changes with the U.S., has difficulty getting across his real stance on social issues as a Conservative.

Thus there is an impression that his government is insensitive towards working mothers, the environment, its own civil service, sick people, natives and *those in jail*.

Mr. Lougheed himself, with his quiet manner and blue-eyed look, has also been under pressure to try his hand in federal Canadian politics. In 1976 he could have had the leadership of the federal Progressive Conservative Party for the asking. He preferred to remain in Alberta where his authority is *unchallenged rather than brave* the quicksands of Ottawa. There is no reason to suppose that he has changed his mind.

Spreading the wealth

CAPITAL INVESTMENT in energy ventures in the province of Aberta until 1988 will easily exceed C$20bn (about £9.4bn). The provincial authorities estimate that almost C$9bn will go into the oil sands and heavy *oil* deposits now on the verge of economic viability, and almost C$1.5bn into new coal mining capacity. On top of that there will be some C$10bn for the planned Alaska Highway gas pipeline, not to speak of the current wave of exploration and drilling for conventional gas and oil.

Clearly there is a *gigantic job* of financing to be done, which has attracted the interest not only of the North American banking fraternity. But on top of that, Alberta is booming, unlike the rest of Canada, and the Government of Alberta is rolling in money.

It closed its budget year on March 31 last with a surplus of C$691m, and in sipte of increased spending in 1978-79, an even greater surplus of C$769m has been budgeted for by the provincial Treasurer, Mr. Merv Leitch. The figure is thoroughly deceptive, *since another C$1.3bn* is to go into the Alberta Heritage Savings Trust Fund, which had already climbed to C$3.4bn by the end of the last financial year. Alberta, therefore, has both investment requirements and financial resources to gladden a banker's heart.

Heritage Fund itself is a provider of funds: the last annual *report put at* C$2bn its holdings in very liquid investment.

The idea behind Heritage Fund is a very simple one. Mr. Peter Lougheed, the Premier of Alberta, likens the position of *Albertans with their great* wealth of oil and gas to that of a man who sells off his house bit by bit. If he spends the proceeds he will be both broke and without a roof over his head once the last bit has gone. Mr. Lougheed therefore used his overwhelming majority in the Legislative Assembly to set up the fund, which is entitled to 30 per cent of the revenue the province derives from wasting resources—principally oil and gas, but also coal and some *lesser minerals. Last year that* was almost C$1bn. This year it will be more, and there even is a suggestion that the 30 per cent share may be increased.

Purpose

The fund is supposed to pay its way, though the overriding purpose is to ensure that if and when the oil runs out Albertans have a viable economy. It has therefore invested in irrigation schemes in the arid farm lands of southern Alberta and in encouraging housing, which is *extremely* short and expensive in the two main cities, Edmonton and Calgary. The Fund has also provided money for science and medicine, and for research into energy matters such as the extraction of oil from the oil sands. One portion is reserved for lending to other Canadian Governments, a gesture towards *the somewhat strained* unity of Canada. In this way $97m has been lent to two of Canada's "have-not" provinces, Newfoundland and New Brunswick.

The concept of a governmental nest egg is not, of course, new. Kings in history had their war chests, for instance. But that does not make Premier Lougheed's peace chest an everyday matter. As in the case of the OPEC countries what has happened is that revenue rose much more steeply than the absorptive capacity of the Albertan *economy: finding capital investment* outlets for the sudden wealth would have been either impossible—or even more wasteful than letting it flow into immediate consumption.

Mr. Lougheed had an additional consideration. The device of the Heritage Fund strengthens the hand of his cabinet *vis-à-vis* the legislature. Immediate control of the fund lies with a cabinet committee, subject admittedly to scrutiny by the Legislative Assembly.

Given the ascendancy of the Premier over the politics of Alberta, the Legislative Assembly would probably have followed his wishes in any case. But what happens if ever there is a change of leadership (not at the next election, which he is considered sure to win) is another matter. Elsewhere this sort of war or peace chest has *at times* vanished almost overnight. There is the additional consideration of how Heritage Fund can be fitted into an anti-cyclical fiscal policy, though for the present the restrictive effect *of banking part of the oil* income can only be of advantage in a boom province.

As regards the purely fiscal aspects, the provincial Treasurer need not bewail the transfer of money from his budget to the fund. Alberta can afford to levy the lowest taxes in Canada and in his budget for 1977-78 this spring Mr. Leitch was able to abolish the provincial petrol tax, giving Albertans the cheapest petrol in the country.

Amenities

Add to that some of the obvious amenities of life in Alberta—superb beef, a landscape made for a host of leisure activities, and a winter made tolerable by the lack of humidity and by efficient domestic heating systems burning subsidised gas—and one might be surprised to find that the private financial institutions *that have been flocking to* Calgary and Edmonton claim that staff is hard to get. But such is the case. Expensive housing is one reason; a suspicion of the brash West among central Canadians another.

However, the lure of the petro-dollars and the secular westward shift in North America have had their effect. The great Canadian chartered banks have for long been established on almost every street corner in *Alberta. But their regional* management has been raised in status. Western Canada in the past used to complain that the banks were run from Montreal and Toronto, and that they channelled western money into the industries of Ontario, far away in the east. That complaint has died out. Men running the Albertan operations of the chartered banks assure one that they are not unduly hampered in their decisions. As regards the flow of funds, nobody seems to be quite sure whether Alberta is a net *importer or exporter of capital.* One fact remains: unlike some other Canadian provinces it does at least offer the prospect of plenty of investment opportunities.

The dullness of the economy elsewhere in Canada will explain why even in Alberta bankers will tell one that there really are too many funds chasing too few borrowers, and that rates are becoming exceedingly fine. In part that is the result of an intermediate stage reached in energy and petrochemical investment: several large schemes have been *almost completed, and* the next push has yet to begin. On the other hand the construction industry is booming: one wonders when high rises will cease climbing from the Edmonton and Calgary building *lots* like Jack's beanstalk.

There are two special newcomers to the Albertan financial scene which have just begun to *make their mark*: the Canadian Commercial and Industrial Bank at Edmonton, and Northland Bank in Calgary. Both have been founded with a deliberate intention of serving the long-alienated Canadian West; both are looking not to retail business, but to a market niche between retail banking and the *large corporate customer. Both* have got off to a good start, reporting profits after tax from their first year of operations.

Both are unusual on the Canadian banking scene in that they have foreign shareholders. In the case of CCIB, Warburg's and Banque Nationale de Paris each hold 10 per cent of the equity (the maximum allowed by Canadian law); in the case of Northland, Deutsche Genossenschaftsbank, the bank of the German credit unions is the foreign shareholder, and on an *especially close relationship is* maintained with co-operative banks in other European countries. The Canadian credit union movement is among the founders and often refers clients to Northland if their credit needs exceed the scope of an individual credit union.

CCIB looks to international markets and to the small and medium sized Albertan entrepreneur to provide it with business. Unlike most of the other financial institutions that have come to Alberta or sprung up there, it has chosen to make its *headquarters* in Edmonton rather than Calgary. The latter town has the oil company headquarters; Edmonton has the provincial Government and smaller companies servicing the oil industry.

Between these two cities there is a century long rivalry: for the first railway link (Calgary won), to become the capital (Edmonton did), and now for business primacy. Calgary, being oil headquarters, has probably had the better of that argument so far. Besides it is the seat of the two best known Alberta companies, Atco, which does business worldwide with mobile housing for large construction sites; and Alberta Gas Truck Line, which is to build the Alaska Highway pipeline. *Calgary also is the seat of an* office which will probably become headquarters of Royal Trust, the largest Canadian trust company, if it ever decides *to leave Montreal. Canada* Permanent, another trust company, has just moved its western Canadian headquarters to Calgary, whereas the Sun Life of Canada, largest life assurance company in the country has chosen Edmonton for that purpose. Edmonton is also the home of Oxford, a very well known property developer.

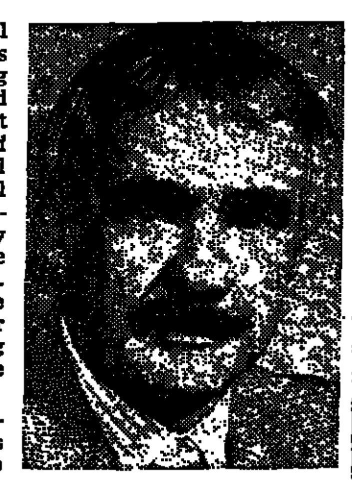
The European presence in Alberta goes beyond its indirect representation by the two young banks. Several French banks are represented and at least one British bank, through affiliates. One or two more British-owned institutions are expected to follow. The Japanese, despite their considerable industrial involvement in Alberta, do not seem to have shown up *as financiers*. Nor have the Germans, though rumours are rife that they may do so once Canadian legislation has been amended, as it soon will be, to make access easier for foreign banks.

W.L.L.

FACTS AND FIGURES

Population	1.9m
Area	258,730 sq. miles
GDP (1977)	C$22.7bn
Labour force (1977)	890,000
Unemployment (mid-1978)	4.7%
Net value of production (1976)	
Agriculture	C$1.4bn
Extractive industries	C$6.5bn
Electricity	C$248m
Manufacturing	C$1.7bn
Construction	C$2.4bn
Income from farming (1977)	
gross	C$2.1bn
net	C$617m
Mineral production (1977)	
Coal	C$219m
Natural gas	C$2.99bn
Crude oil	C$4.16bn
Sulphur	C$72m

Robert Blair



S. ROBERT ("SCOTTY") BLAIR is a western Canadian with a flair of upstaging his country's eastern business establishment and its traditional partner, the U.S. multinational.

The 49-year-old Calgarian won his biggest battle last year when the Canadian and U.S. governments approved his plan to bring Alaska gas south through Canada's Southern Yukon and Western provinces via a $10bn plus natural gas pipeline.

Losers in the lengthy, bitter and expensive saga were the members of Canadian Arctic Gas Pipeline consortium—oil majors and gas transmission firms—who wrote off $130m invested *in preliminary studies* of the rejected route across the Northern Yukon and south via the Mackenzie River Valley to the U.S.

The victory was Western Canada's commercial coming of age and it was master-minded by Mr. Blair and his executives at Calgary-based Alberta Gas Trunk Line, along with the pipelines' co-sponsors, Westcoast Transmission, of Vancouver.

But Mr. Blair has not permitted the mammoth project—Southern Alberta sections of which could be started next year, provided Canadian authorities agree and the Americans can sort out their energy policy—*to swamp* his vision of his AGTL as the linchpin in the economics of this resources-based new west. Under Mr. Blair, AGTL has diversified from its government-endorsed monopoly role on gas transmission within the province into petrochemicals, steel, valve manufacturing and, more recently, into controlling the destiny of an integrated oil company, Husky Oil, a 35 per cent stake in which was acquired in July.

To win, Mr. Blair not only beat off a strong takeover bid for Husky from Los Angeles-based Occidental Petroleum, but brushed aside a *competing bid* by Petro-Canada, the state oil company. At stake was Husky's vast heavy oil leases, straddling the border between Alberta and Saskatchewan and the fact that a federal government committed to energy self-sufficiency will guarantee international oil prices along with a good possibility of tax incentives for any upgrading plant to bring the heavy oils into production. Mr. Blair, with his low public profile and his hair combed down over his forehead to offset growing baldness, refutes any facile understanding.

Meanwhile he has AGTL planning to extend Canada's gas transmission system deeper into the Quebec heartland and the distant Maritime Provinces over the not-inconsiderable objections of the goliath of Canadian Pipeline, Transcanada Pipelines of Toronto; AGTL is also studying (with Petro-Canada) the feasibility of shipping Arctic islands liquefied natural gas by icebreaking tanker to southern terminals.

Elsewhere AGTL again confronts the Toronto establish*ment and TransCanada pipe*lines with a competing bid to export Alberta natural gas. Mr. Blair claims the exports are necessary to finance the pre-building of southern parts of the Alaska Highway line, a project from which TransCanada withdrew. The argument is that the southern section could be used for a start to export Alberta gas, of which there is a temporary surplus, before the rest of the pipeline comes on stream from Alaska.

Mr. Blair has also put AGTL into a key role in the province's $1.5bn petrochemical complex, which comes on stream next year with a giant ethylene plant at Red Deer, 90 miles north of Calgary.

Some financial analysts charge that Mr. Blair has heaped too much on AGTL's plate, that the company, faced with the task of putting *together the Canadian sector of* the Alaska gas pipeline, is over-extended, especially with its $192m fresh bank credit line for the Husky purchase and its involvement in no less than $7bn worth of capital projects.

But he continues to confound the critics, many of whom admittedly are still licking their wounds from the northern pipeline decision. And an approving provincial government (which *itself set up* AGTL and still nominates four Board members although the company has gone public) sees him as the entrepreneurial midwife of its own industrial dream.

Mr. Blair, who confesses that he resented having to bow south to the U.S. during a stint working in Calgary for a U.S.-owned firm, rests his business *philosophy on* the assertion that Canadian ownership contributes to a sense of national unity and self-confidence, both under siege now by a separatist Quebec government and an uncertain national economy.

Canadian ownership and management, Mr. Blair explained to AGTL shareholders, "provide the fundamental assurance *that* political and cultural leanings of the business decision-makers in our country will be those shaped by our national, regional and local communities."

LOMBARD

Self-control in the City

BY MICHAEL BLANDEN

THE banking community of the City of London is well pleased with the progress made over the past five years in its dealings with the European Community. Proposals formulated before the UK's accession which would have imposed an unacceptably rigid form of banking regulation have been superseded by a much more flexible EEC directive.

The approach to harmonisation of banking law now adopted will leave the UK authorities wide scope to continue with their particular brand of informal and personal control without having to adapt too far to the more legalistic approach common on the Continent.

The basic obligations of the UK will be met by the introduction of the licensing system for deposit-taking institutions set out in the recently published draft Bill—a step which would have been necessary in any case to sort out the mess highlighted by the fringe banking crisis of 1973-74.

The Bank of England and private sector bankers alike are encouraged by the relationships which are being built up with the Brussels Commission. A small group of senior bankers representing the British Bankers' Association which recently visited Brussels found a general willingness to discuss issues affecting their members. And it must be helpful that the man who includes financial institutions among his responsibilities is the British Commissioner, Mr. Christopher Tugendhat.

Not single entity

The banks are also discovering, however, that the Commission is not a single entity speaking with one voice on all the various areas with which they are concerned. One issue which is likely to arouse growing interest, for example, is the question of consumer protection as it relates to lending and borrowing.

The UK already has considerable experience of the difficulties of legislating in this field. The Consumer Credit Act reached the statute book in 1974, but even now a number of its provisions remain to be put into effect and there are considerable reservations among the banks and finance houses directly affected about some of the ways in which they are being implemented.

In Brussels, this area is the responsibility not of the officials concerned with banks but of a separate group, cutting across the other lines of control within the Commission and under the ultimate authority of the Irish Commissioner, Mr. Richard Burke. Here, the UK banks have felt it necessary to make quite strong representations to Brussels.

There was a possibility some time ago, for example, that the Commission would take over and apply generally the provisions of the UK Act as originally drafted, before the banks and other members of the lending industry had their chance to comment and criticise. The industry remains worried that efforts to push ahead with moves to unify the European rules on consumer protection could fail to take note of some of their important practical implications.

Legal services

Potentially the most important source of independent views within the Brussels hierarchy, however, lies in the legal services department. This again cuts across the other lines of responsibility and is a group which one London banker described not inaccurately as having a "priestly role" as the guardians of the Treaty of Rome.

It was believed in particular that they had played a part in the recent difficulties in reaching a compromise over the regulation of City money brokers, an issue raised as a result of last year's complaints by Sarabex. The Community's rules on trade and competition make it probable that this question will come up again.

In its recent evidence to the Wilson committee the Bank has made much of the importance of the self-regulatory and non-statutory aspects of the supervision of financial institutions. One of the main mechanisms through which this operates is the establishment of associations of various City groups which take on responsibility for controlling their members with the support of the Bank.

The foreign exchange brokers already form one such group, and the Bank has been active in encouraging the formation of another organisation on similar lines to cover the sterling money markets. This method of self-regulation involves at the very least placing some restrictions on entry to the area of activity involved, even though these may be designed to maintain acceptable standards of practice and to operate in the public interest.

Given the emphasis placed by the EEC rules on freedom of competition it will not be surprising if the European authorities continue to take a close interest in this kind of arrangement, nor if the Bank should be called on to justify its approach to self-regulation before a wider European audience.

When a bank is forced to pay up

BUSINESS AND THE COURTS

BY A. H. HERMANN, Legal Correspondent

A MERCHANT BANK's *role* in a take-over bid and what constitutes a just and practicable way to compensate its clients for any loss the bank had caused by providing false and incomplete information, were the two main issues resolved by the Supreme Court of Eire in a judgment delivered on July 22.

The Supreme Court confirmed a decision of the President of the Irish High Court that the Northern Bank Finance Corporation had been guilty of fraudulent misrepresentation when negotiating a take-over bid. But the court reversed the President's order that the bank should repay £750,000 to its clients in exchange for the shares they had acquired for this money. Instead, the Supreme Court decided that the bank should pay damages calculated on the difference, if any, between the true value of the shares and what the clients of the bank paid for them.

Surprisingly, the case from which the Finance Corporation emerged with such a poor record was initiated by the bank itself when it sued three of its clients, Mr. Gerald Charlton, Mr. Hugh Charlton and Mr. Gerard Sheehy for the repayment of £38,581 with interest, alleged to be due on a loan. This amount represented the residual debit balance in the bank's books after a successful 1972 take-over bid by which Pat Quinn Holdings gained control of a chain of public houses developed by J. G. Mooney, a public company. The three defendants promoted this take-over bid together with Mr. Pat Quinn, another client of the bank. They ended up by owning shares in Pat Quinn Holding, but with the feeling that they had been tricked by the bank. When sued, they made a counter-claim, stating that they would never have entered the transaction if the bank had told them the truth about the shortcomings of Mr. Pat Quinn's financial participation in the deal.

The Supreme Court found no reason to interfere with the High Court's findings that in order to induce the defendants to proceed with the take-over, the bank had falsely informed them that Mr. Pat Quinn had deposited £200,000 with the bank as well as withholding from them other information relating to the true nature of his participation. But the Court did not agree that their loss should be made good by passing the shares over to the bank in return for repayment of the full amount invested by the three defendants. This, the Court ruled, would not restore things to their original state as the bank had never owned the shares. The bank, though financing the take-over, never became a principal in the transaction and at all times acted as the defendants' agent. Its liability was that of an agent advising his principal. On these grounds it was liable to pay damages for the fraudulent inducements made by two of its officials.

* * *

DIFFERENTIAL deals, like options or share futures, are transactions where no shares need to change hands. Only the difference between the agreed and the actual price which the share reaches at the end of the term has to be paid. They are likely to become more popular with private investors, though not with their bankers, if the European Court accepts Herr Walter Koestler's contention (in case 15/78) that overdrafts resulting from losses on such differential deals made on non-German stock exchanges need not be paid by those who take refuge in Germany.

Herr Koestler, who is a German citizen, was gambling in this way on the Paris bourse between 1968 and 1973 when he was employed as the administrative director of a Franco-German military research institute in Saint-Louis (France) where he also lived. The operations were carried out on his behalf by the Société Général Alsacienne de Banque of Strasbourg, and were not very fortunate. Herr Koestler ran up an overdraft of FFr 852,620. As he did not pay it off, and returned in the meantime to Germany, his bankers sued him in German courts, only to find out that it was by no means a straight-forward matter of debt collection, but a complicated case resting on the interpretation of EEC rules on cross-border services.

The German law views debts arising from differential deals as gambling debts, and as such not enforceable. There is, however, one exception. A person who neither lives nor carries on business in Germany is "boersentermingeschaeftsfaehig." This long word means that a non-resident can indulge in futures or options on German bourses and if he does, the resulting debts are enforceable in German courts. Accordingly German courts of the first and the second instance took the view that the greater part of Herr Koestler's debt is not enforceable. It would have been if, while living abroad, he bought and sold his futures at the Frankfurt bourse. But as his deals were in Paris, they were gambling pure and simple.

The Société Géneral must have felt rather badly about not having foreseen the possibility of the client's return to Germany. But it found consolation in EEC law which, by Article 59 of the EEC Treaty, prohibits restrictions on the rendering of cross-border services. At their request the German court referred the matter to the European Court, asking whether the refusal to enforce the debt is not contrary to the EEC Treaty. The answer will not come easily as this is not really a case of cross-border services. Both the bank and its client were in France at the time of the dealing which resulted in the client's debt.

But asked for its observations, the Commission thought such "export" of German law would not do. It concluded that to refuse debt enforcement in Germany would be an infringement of Article 59 even though the services were rendered wholly in France. Should the Court agree with the Commission, the importance of Article 59 would be much enhanced. One might even say that it would be tantamount to sanctioning the export of French law to Germany.

Co-favourite Kintore faces strong challenge from South

RACING

BY DOMINIC WIGAN

THERE WAS plenty of interest yesterday in the ante-post prices issued on the William Hill Gold Cup and it seems clear that Saturday's race could provide one of the most competitive handicaps ever run at Redcar.

Of the 15 still left in the mile handicap only the Bill Watts pair Kithairon and Running Jump seem likely to come out. Their trainer will not be without a runner, however, for that high-class handicapper Kintore will be trying to defy 9 st 5 lb.

Kintore, who shares favouritism at 5—1 in the sponsors' list, certainly appears to have the right credentials for a bold effort in the race.

The winner of 10 of his 22 races to date, the Aberdeen gelding would undoubtedly have gone close to making it a 50 per cent success rate had he got a clear passage when full of running in Newmarket's Ward Hill-sponsored Bunbury Cup in which he ultimately finished fourth.

However, one factor which could prejudice his chances is more rain on the East Yorkshire course. Like his sire, Kintore goes particularly well on a sound surface and he will be attempting a formidable task in trying to give lumps of weight away to several well-fancied Southern challengers if the ground comes up soft.

Two Southern-based runners in receipt of weight from Kintore and, furthermore, clearly expected to go close off far-from harsh handicap marks are Smackover and Huaralino, both of whom could be at their best with some cut in the ground.

Smackover, the other joint favourite with the sponsors and considered something of a "good thing" by his Newmarket handler Ian Walker, proved that he is still improving when wearing down the odds-on Philodantes at Goodwood last week.

Huarlino, whose East Ilsley trainer Gavin Hunter, is rarely wide of the mark when sending runners North, has yet to recapture the form which saw him finishing little more than three lengths behind Dactylographer in the William Hill Futurity at Doncaster on his final juvenile appearance.

However, like most other sons of Habitat he almost certainly needs yielding or at the very least good ground to produce his best, and I would not care to take a chance with him unless the rains persist.

Turning to today's racing, the best bets of the afternoon could be in the opening races at Brighton and Pontefact, respectively.

Ian Balding sends Lord John, a Young Emperor colt full of promise, to the seaside track for the Black Rock Stakes.

At Pontefract Harry Thomson Jones' good-looking Green God filly Green Lass could get backers off to a healthy start in the Carleton Fillies Stakes.

BRIGHTON

2.00—Lord John***
2.30—Brindisi
3.00—Codebreaker
3.30—King Kermit
4.00—Deepwater Blues*
4.30—Hang-on Elvis

PONTEFRACT

2.45—Green Lass**
3.45—Clown Court
4.45—Heracles
5.15—North West

TV/Radio

† Indicates programmes in black and white

BBC 1

6.40 am Open University (Ultra High Frequency only). 9.55 Paddington. 10.00 Jackanory. 10.15 Tarzan. †10.35 Belle and Sebastian. 1.20 pm On the Move. 1.30 Mister Men. 1.45 News. 2.00 Show Jumping: The Lambert and Butler International Stakes. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Graham's Gang. 5.10 We're Going Places. 5.35 The Wombles.

5.40 News
5.55 Nationwide (London and South-East only)
6.20 Nationwide
6.50 Holiday Report
7.00 Dr. Who
7.25 *Top of the Pops*
8.10 The Hollywood Greats: Joan Crawford
9.25 I, Claudius
9.00 News
10.20 The Commonwealth Games: Opening Ceremony
12.00 Weather/Regional News

All Regions as BBC-1 except at the following times:—

Wales—5.55 pm Wales Today. 7.00 Heddiw. 12.00 News and Weather for Wales.

Scotland—5.55 pm Reporting Scotland. 12.00 News and Weather for Scotland.

Northern Ireland—4.18 pm Northern Ireland News. 5.55 Scene Around Six. 12.00 News and Weather for Northern Ireland.

England—5.55 pm Look East (Norwich); Look North (Leeds, *Manchester, Newcastle*); *Midlands* Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40 am Open University
11.00 Play School (as BBC-1 4.20 pm)
4.55 Open University
7.00 News on 2 Headlines
7.05 The British Connection?
7.30 News on 2
7.40 Gardeners' World
8.05 Top Gear
8.30 BC: The Archaeology of the Bible Lands
9.00 Midweek Cinema: 'The Rake's Progress' starring Rex Harrison
10.55 Fabric of an Age with A. J. P. Taylor
11.45 Late News on 2
11.55 Closedown, reading

LONDON

9.30 am A Place in History. 9.55 Paint Along with Nancy. 10.20 The Undersea Adventures of Captain Nemo. 10.30 Spiderman. †10.55 The National Film Board of Canada Presents . . . 11.40 Cartoon Time. 12.00 Little Blue. 12.10 pm Rainbow. 12.30 Doctor! 1.00 News plus FT index. 1.20 Platform. 1.30 Young Ramsey. 2.25 The Crezz. 3.20 Quick on the Draw. 3.30 The Sullivans. †4.20 Children's Film Matinee: 'The Wayfarers.'

5.45 News
6.00 Dockland Rules OK
6.40 Cartoon Time
6.50 Crossroads
7.15 Leave it to Charlie
7.45 "Fantasy Island" starring Peter Lawford
9.30 Great Expectations
10.00 News
10.30 Oh No, It's Selwyn Froggitt
11.00 Gays: Speaking Up
12.00 What the Papers Say
12.15 am Close: A painting by Turner accompanied by the music of Vaughan Williams

All IBA Regions as London except at the *following* times:—

ANGLIA

10.20 am Animated Classic: "The Black Arrow." 11.05 Space 1999. 1.30 pm The Entertainers—Ralph McTell. 2.00 Women Only. 4.20 *Lassie*. 4.45 Westway. 5.15 Byegones. 6.00 About Anglia. 6.35 Arena. 10.30 *Lifestyle*. 11.00 What About the Workers? 11.30 Chopper Squad. 12.25 am The Living Word.

RADIO 1 247m

(S) Stereophonic broadcast
‡ *Medium Wave*

5.00 am As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.00 Peter Powell with the Radio 1 Roadshow from Scarborough. 12.30 *pm* Newsbeat. 12.45 Paul Burnett. 2.00 Tony Blackburn. 4.31 Kid Jensen, including 5.30 Newsbeat. 7.30 Sports Desk (Joins Radio 2). 10.02 John Peel (S). 12.02-2.02 am As Radio 2.

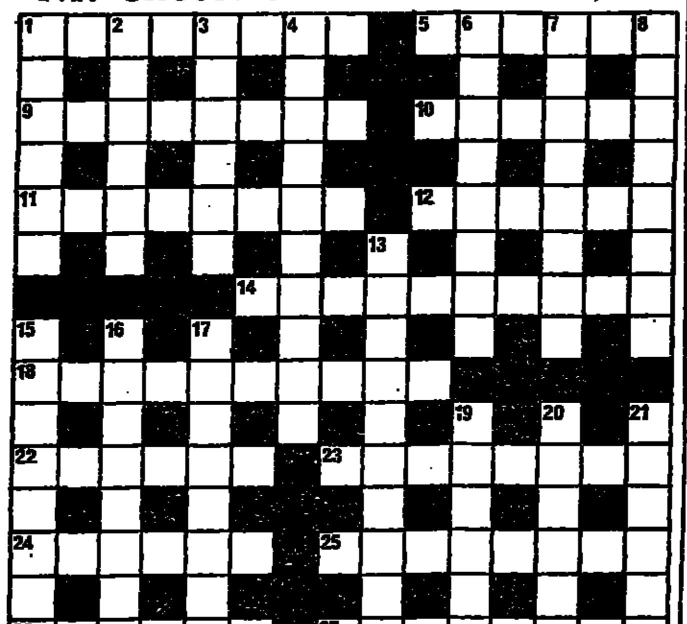
RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Richard Vaughan with The Early Show (S), including 6.15 Pause for Thought. 7.32 Brian Matthew (S) including 8.27 Racing Bulletin. 8.45 Pause for Thought. 9.30 Cricket: draw for Gillette Cup semi-finals. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) including 1.45 Sports Desk. 2.30 David Hamilton (S) including 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 Bill Prince (S) including 5.45 Sports Desk and 6.02 Cross-Channel Motoring Information. 6.40 Commonwealth Games Sports Desk. 7.02 Country Club (S) including 7.30 Sports Desk. 9.02 Folkweave (S). 9.55 Commonwealth Games Sports Desk. 10.02 Wit's End. 10.30 Edmonton '78 with Terry Wogan, including 12.00 News. 2.00-2.02 am News Summary.

RADIO 3 464m, Stereo & VHF

†6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Boccherini (S). 9.40 Granados, piano recital (S). 10.15 Musica Antiqua Amsterdam, concert (S). 11.10 Shostakovich and Scriabin, concert, part 1 (S). 12.05 pm Interval Reading. 12.10 Concert,

F.T. CROSSWORD PUZZLE No. 3,735



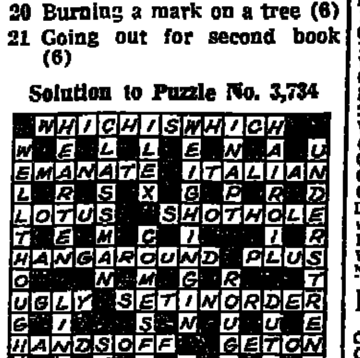
ACROSS

1 Courageous sort of person should make the headlines (4-4)
5 Give confidence to fool going to river (6)
9 Common each 24 hours (8)
10 Feel it could be cards dealt to the French (6)
11 One who disparages trader accepting copper in return (8)
12 Pleased about soldiers but stared fiercely (6)
14 Nocturnal insect or irresponsible person (3-2-5)
18 Make up for converting men to space (10)
22 Want the French to be critical (6)
23 Put out to fight and what's in it should not be sneezed at (8)
24 The coldest here is in Paris (6)
25 Bad up to the time of going to part of hospital (8)
26 Complain about game (6)
27 Spend a shorter time in bed and be fidgety (8)

DOWN

1 Inspiration for soldiers in Bath (6)
2 Room for shelter on the thoroughfare (6)
3 Fish round head of Yar or Test (3, 3)
4 Two items for the table seen in shop window (5-5)
6 Bird to throw round pitch (8)
7 Anger due to change for the immature (5-3)
8 Smooth fruit on the same day (4, 4)
13 Refraining from indulgence (10)
15 Getting the smell of money and chant about it (8)
16 I'm favourite and I run but it could be rash (8)
17 Comprehends completely and makes money (8)
19 Attempt to make a bit of brief fortune (6)
20 Burning a mark on a tree (6)
21 Going out for second book (6)

Solution to Puzzle No. 3,734



ENTERTAINMENT GUIDE

ecord Review

Boulez, Berg and Bolet

by DOMINIC GILL

ulez: Piano sonata no. 2; Webern: Variations op. 27. Maurizio Pollini. DG 2530 803 (£4.35)

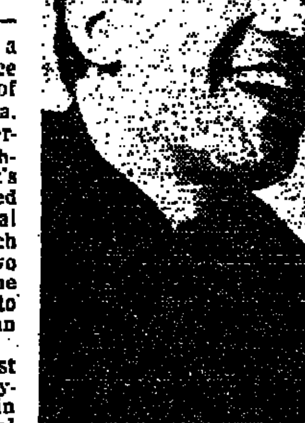
rg: Chamber Concerto. Four Pieces for clarinet and piano op. 5, Piano sonata op 1. Daniel Barenboim, Pinchas Zukerman, Anthony Pay, Ensemble InterContemporain/Boulez. DG 2531 007 (£4.35)

opin/Godowski: Piano arrangements. Jorge Bolet. L'Oiseau Lyre DSLO 26 (£3.99)

If there were ever to be a efinitive" recorded performance concept I heartily dislike) of e Boulez second piano sonata, en Pollini's would be that per rmance. He makes an astonish g tour de force of Boulez's uberant, and though dated ill not outdated, virtuoso serial say of 1948: an account which far transcends both the two evious recordings (by Yvonne iriod and Claude Helffer) as to ake them seem no more than eparatory studies.

Pollini's is indeed the first rformance I have heard any here to hold so perfectly in ilance the rigorous formal orking of the music with its ietical and dramatic line—the rst movement polished to a ard, gemlike shine, and at a roperly fiendish tempo, *extrême ent rapide*, a crotchet of about etronome 136, but never echanical, exquisitely modu ted: the second movement a minous tissue of sound, every tal silence between voices eautifully observed; the third a illiant study in *voltes face*, ich electric surge in place; the nale fast, tough and violent, nt as a bowstring—the quiet da magically (never limply) ispended. Pollini's late Webern agment, the op 27 Variations of 1936, is made with supreme delicacy and restraint: marvellous, and apt, contrast.

DG's disc of chamber music by Alban Berg introduces to the recording studio Boulez's new



Pierre Boulez

ensemble from IRCAM in Paris, the Ensemble InterContemporain —doubly welcome also as the first new recording of the Chamber Concerto to find its way into the catalogue for more than ten years. The performance is a good one, clear and robust, cut in impeccable DG sound. Three excellent soloists, Barenboim, Zukerman and Pay, take very much the front of the stage. Boulez's tempi are generally fast—for the most part refreshing in a work often taken far too slowly, over-expressively laboured, in the concert hall; but sometimes, notably in the adagio, and at one or two of the broader first-movement climaxes, the pace can seem a shade unyielding, relentless.

DG fit the Chamber Concerto, for the first time, on one side of their record—so the movements can be heard without a break (as they should be when they are played together in sequence, though each, with separate endings supplied by the composer, is also envisaged as a separate concert piece). On the second side, there are forthright accounts of the four little pieces for clarinet and piano, played by Pay and Barenboim, and a strong, lyrical account from Barenboim alone of the sonata op 1. Warmly recommended.

The Cuban-American pianist Jorge Bolet, pupil of Josef Hofmann and David Saperton (Godowsky's son-in-law), only appeared on the London concert scene two years ago—although he is already long-established in America as a grand-romantic pianist of the first rank. In this country he was known until recently only to a handful of aficionados who managed to discover the odd, rare imported disc. But the record companies as well as the concert agents have now, luckily, realised the error of their ways: and this new delightful collection of Chopin/Godowsky lollipops was recorded by Bolet for L'Oiseau Lyre in London during his last visit.

As the sleeve-note affirms, it is not a recital for puritans. But it is, on the other hand, a recital for purists—for those at least to whom pure joy, pure unalloyed fun, is acceptable. And more: for fun can be serious. "Deliberately and lovingly devoid of profundity" Godowsky's fun-pieces may be: but they are seriously as well as lovingly delivered, and by Bolet with marvellous authority. In his legendary set of 53 Etudes on Chopin's set of 27, Godowsky attempted to create works that could take keyboard virtuosity to heights undreamed of by their original author. They are rather "metamorphoses" (Godowsky's own term) than arrangements or transcriptions: they stand as creations, extravagantly coy as they sometimes are, in their own right.

It was a nice idea to include as a pair both of Godowsky's metamorphoses of the G flat major Etude Op. 10 No. 5—the first, a mischievous reversal of hands, with the triplets transferred to the left; the second, a transformation of all the material into a wicked "three-hand" elaboration, bright crystalline cascade. There are also the wonderfully convincing rearrangements of the Etudes in E minor Op. 10 No. 3 and E flat minor op. 10 No. 6 for the left hand alone, delivered by Bolet with glorious nonchalance (if they sound easy—and Bolet makes them sound as easy as Adam Carse—just try any two bars with *both* hands). The second side offers six magnificently irresponsible re-workings of Chopin waltzes—most irresistible of all perhaps the Minute Waltz, starting poker-faced with the original notes, then flowering, like some outrageous Beardsley bloom, into full-blown fantasy.

Book Reviews appear on Page 29

Success in Spoleto

by WILLIAM WEAVER

As it concludes its twenty-st year the Festival of Two orlds is in an enviable position. erything it touches turns into ccess, if not actual gold. The w opera productions have ceived blistering reviews, but l performances are sold out, id if a ticket miraculously ecomes free, people are prompt fight over it.

The noonday chamber music ncerts are by now legendary. most Italian cities, chamber usic—performed by young and known artists—would be box fice poison. At the Teatro Caio elisso here, crowds gather an our ahead of time and engage a three-part fight: first to buy ckets, then to get into the eatre, then to secure a place to t (if you try to hold a seat for delayed friend, you are bound receive verbal abuse if not ownright physical violence).

So successful have these late norning concerts been, under heir canny director Charles Vadsworth, that an afternoon ries has been in existence for couple of years, organized by e musician and RAI chief iorgio Vidusso, with a largely alian cast. Comparisons are ievitably made, and they are gent.

Americans traditionally dis ust culture, long hair, cademe; and Charles Wads orth, to allay this distrust ven if the audiences are to ne extent Italian), clowns with gaging shamelessness, pretend g not to know any Italian, to rget the tempi of a quartet or e titles of a group of songs. The jokes are rapid, disarming, and then comes music of the highest quality, carefully rehearsed, arranged to give variety, presented on its own, without any erudite apparatus.

Italian's on the other hand, distrust the light touch. If culture is not serious, it cannot be good. On Italian television you will never see a Buster Keaton movie without first seeing some intellectual's profound critical appreciation; and usually, after the film, there is a debate, with another batch of specialists.

Vidusso's concerts this year have a theme, a general title: "K. and K. Musik"; and variety is eschewed in favour of coherence. As compère, Vidusso introduces the programme—and then each item on the programme—with a lecturette. Thus, other day, befoe hearing Brahms's *Liebeslieder*, we were told a great deal about Brahms (including a digression about his love life): and before hearing the youthful Richard Strauss 'cello sonata, we were told that Strauss's father played the French horn, that Joachim was a famous violinist, that Hermann Levi was a great conductor.

Unfortunately, the performances, when they came, were disappointing, under-rehearsed, unidiomatic. Never mind: the audience loved them, just as they love Wadsworth's, and, this time, they went home uplifted also by the thought that they had added to their store of knowledge.

Concerts at noon, and concerts at six, and—in case you want to skip dinner before the opera at eight-thirty—there is also theatre at seven. In the festival's early years, the spoken theatre was somewhat neglected, but now that Romolo Valli, the distinguished actor (do I begin to sound like Vidusso?), is artistic director, the drama has acquired a new and welcome prominence in the festival calendar. One big hit this year is the Italian version of the Broadway hit *Gin Game* (with Franca Valeri and Paolo Stoppa playing the Jessica Tandy and Hume Cronyn parts).

Less conventional theatre is also encouraged, and the subterranean (literally: Spoleto also has its basement, a mediaeval cellar) hit of this festival is a new production by the Rome-based Teatro della Comunita. This group is directed by Giancarlo Sepe, who is also its author and producer. His new piece is entitled *Accademia Ackermann* It lasts just over one hour, and is alternately hair-raising and fascinating.

Sepe imagines a dramatic academy inspired by the tastes of Dr. Goebbels. It is graduation time, a Reichsminister comes to present diplomas (swastika armbands), and to witness the school-leaving exercises which are the core of the Sepe work. As one would expect, the students of the Academy are disciplined down to their toenails—here Sepe's production takes on the aspect of an eerie, Jooss-like ballet—and thoroughly brainwashed.

They perform a parody of life and culture under the wicked Weimar republic (suggestions of Lang movies, of *M* and *Metropolis*), they act out their severe condemnation of Jews and homosexuals, and finally they do a Shakespearean pantomime of German history, from the death of Hindenburg to the marriage of Germany and Hitler. Everything is intensely stylized, not always immediately comprehensible, but totally gripping. It is a work one would like to see several times.

Because the company does not give a dramatis personae but only a list of actresses and actors, it is impossible to single anyone out for praise. For that matter, the company is a brilliantly drilled team and should be praised en masse.

The sets and the music are *integral components of the piece*, as much as the text. Uberto Bertacca has designed a grim room, whose walls can be shifted, to perform many functions; he is also responsible for the curious, doll's house construction that represents Weimar, and for the stark costumes. Stefano Marcucci's ever-present music, though it echoes Weill, Krenek, Hollaender, and even Wagner, is never mere pastiche; it has a strong personality, contributing to the shape and impact of the drama.

An unfortunate footnote: in choosing a title for his play, Sepe picked the name of the German drama teacher Lily Ackermann (because of the alliteration with Accademia, apparently), casting her as a Goebbels creature. I have it on good authority (a Jewish former actress, who knew and studied with Lily Ackermann) that this portrayal is unjust. Lily Ackermann was far from being a Nazi, and so one must remind oneself that Sepe's sinister teacher is—entirely—a fruit of his imagination.

ing's Head

The French have a song for it !

French popular songs are in mparably better than any her, and probably always have en, and I don't mean they e more pleasing, I mean they e *better* The poems are not rowaway "lyrics" designed erely to fit the music, they are ems as surely as "Miss Joan unter-Dunne" is a poem. oreover, they deal with real fe, not with the plastic fantasies pop; with failures as well as roes, whores as well as roines, old people as well as ung Aristide Bruant's song r the tart in St. Lazare prison, eping for her ponce until she n get medical clearance, ould be in any anthology of ve-songs I collected. Léo erré's combination of modern oets, Jacques Brel's little man oing his girl with a bag of veets, Boris Vian's deserter om the call-up—they conjure p scenes from a world of buses, nd grocers' shops, and sweat under the armpits, without a touch of glitter or gilt. Even Ferré's anarchist "Let it rock, coco!" is framed in poetic images, a very different thing from the rubbish of the punks.

The music, moreover, is for the most part music in the way that Beethoven's dance-tunes, say, are music, not only tuneful but atmospheric. Oh, of course there is sentimental escapism in plenty if you look for it: but the programme put together by Peter Reeves (who has translated many of the songs) keeps to a pretty decent level, with not more than a few duds among the 50 songs of the evening.

Mr. Reeves is also one of the quartet who perform the songs, choosing for the most part those that call for heavy emotion or sharp characterisation, like Brel's sketch of the man in the bar. Bill Homewood, Sally Mates and Mandy More complete the team, all of them able to deal capably with the original French when a change of language is indicated (and with respect to Mr. Reeves, how much better the songs sound in French). Miss More does the St. Lazare song, and an Yvette Guilbert number, "The actor's mistress," and shares with Bill Homewood a piercingly moving piece about the old age of an arranged marriage. Mr. Homewood scores in "Il n'y a pas d'amour heureux," with a lyric by Aragon, and Sally Mates scores in "Déjeuner du matin," with a lyric by Prévert, immediately after.

The evening is divided into sections in which the songs trace some kind of pattern—Paris first (usually translated as "Paree"), poets, lovers, history (from Villon to the summer of 1968), music hall, home. John Heawood directs. David Wykes guides the music. The performances are full-blooded and full-throated, without a microphone in sight. I enjoyed it enormously.

B. A. YOUNG

lbert Hall/Radio 3

Academy of Ancient Music

A glorious Prom of Vivaldi, Bach nd Handel was given on Tues ay by the Academy of Ancient lusic, whose standard of perfor lance on period instruments is urely the most consistent, the ost musicianly, and the most heerly accomplished of any uch orchestra now playing. In e complete *Water Music* after e interval, directed by Christo her Hogwood and given in the order of first, third, and second suites, the sound seemed to fill the hall—a proposition made somewhat easier when the audience is as large as last night's—and yet to retain its wonderful lightness and buoyancy of texture. This must be because playing techniques have been thoroughly mastered, and the instrumentalists now project as a corporate body, a sensation quite unfamiliar in most studious, cautious "authentic" execution. (The frequent need for re-tuning, and the odd blobs on trumpet and horn, mattered not at all.) Each of the big Handelian tunes came swaggering and lilting out with irresistible charm.

In the first half, the Academy had been joined by the choir of Christ Church Cathedral, Oxford, *and conducted by Simon Preston*, with Mr. Hogwood as continuo organist. The choral movement that is the sole remnant of the Bach Cantata No. 50, "Nun ist das Heil und die Kraft," made a startlingly powerful effect, of solemn asseveration and an almost ferocious Old Testament jubilation fused together in a miraculous eight-part fuge. The choral singing was only less than assured and clear in the exceptionally testing opening subject that passes upward through the voice groups—there were some tenor bleats and male-alto shrieks on a climactic high note so treacherously and yet so inevitably placed in the phrase.

The opening performance of the Vivaldi *Gloria* in D was impeccably tuned, and held together by Mr. Preston with firmness and energy; yet it proved the least satisfactory of the evening. When care is taken over instrumental timbre, one wants a similarly precise and careful application of vocal timbre, and the Christ Church choir sound, very beautiful on its own terms, seemed simply too soft of grain, too backward, for the shining, *brightly coloured* vocal inventions. A similar criticism could be made of the three soloists—Judith Nelson and Emma Kirkby, sopranos, and Carolyn Watkinson, contralto—though the voices themselves were well schooled, and, in Miss Watkinson's case, communicative.

MAX LOPPERT

Bayreuth Festival

Der fliegende Holländer

by RONALD CRICHTON

Flying Dutchman or *Flying Senta?* In the new Holländer which opened this year's Bayreuth Festival, the Dresden producer Harry Kupfer keeps Wagner's heroine so firmly in the picture that the alternative title becomes inescapable. This Senta is on stage from the moment the curtain parts, soon after the beginning of the overture, until at the end of the opera she lies, a crumpled suicide, on the quayside. The overture is played as a mime-scene (this trick has become as much of a convention as the old way of keeping the curtain down till the composer wanted it up) in Daland's gloomy house with a storm raging outside.

There is a bang, which spectators nearer the front realised was the Dutchman's portrait falling to the ground. Senta seizes the object, clutches it to her bosom, and climbs a ladder-staircase to gaze intently out of a high window. Wall and window disappear for the first scene, but Senta remains skied, clearly visible, in tense, hysterical poses, until it is time (about an hour later) for her to be lowered to sing the Ballad. She is returned to her perch, in various states of frozen frenzy, for every scene in which the character is not directly involved.

As this implies, the one-act version without intervals is used. What is more, Bayreuth has returned to the original Dresden score which Wagner modified well before he added the Redemption music at the end of the overture and in the finale. The idea that Senta's Ballad is the core of the opera is hardly new—a fact hardly worth noting were newness or, shall we say, novelty not so highly valued in the German operatic world—but few producers can have pushed it so far. Everything is seen through her neurotic eyes, distorted, chaotically, violently. The strong, simple framework of the opera built round the Ballad is broken up. The result is striking theatre, an interesting, often stimulating commentary on Wagner's opera, but a case history, not the real thing.

The Dutchman becomes an erotic fantasy-figure, a product of Senta's overheated imagination. He is first seen when the bows of his spectacularly docked ship (these bows coal-black and moulded with long, imprisoning fingers) open to reveal the lower part of the blood-red sail. There he is, a large half-naked negro chained to the mast, arms outstretched as if crucified. The attitude calls up a number of not very helpful associations—Kupfer admits to Prometheus among them. When the black Christ-Prometheus has broken his chains he rolls down on to *the landing stage, rather* like Satan in *Job*, to begin "Die Frist ist um."

When Daland brings the Dutchman to meet Senta there is some play with a shadowy double, presumably because the apparition isn't yet unmistakably established as the figure of her dreams. Meanwhile, the singer returns to the ship, whose bows open this time to show a silver-white, nacreous cavern streaked with plant-roots. Peter Sykora's scenery is continually on the move, forming and reforming the interior of Daland's house with high, Hanseatic brick walls, reconstituting it, for example, for the duet in scene 3 between Senta and Erik, a dialogue misinterpreted by the Dutchman, who bitterly takes his leave.

Her dream shattered, faced with the reality of marriage to the faithful but dull huntsman Erik in an uncongenial setting (yes, Senta is an outsider who can't or won't come to terms with bourgeois society) she mounts her ladder-stair once again, still clutching the portrait and throws herself from the window. We last see her lying on the stones with a circle of townsfolk round her. The costumes by Reinhard Heinrich have been updated to the time of the opera's first production in 1843. To English eyes there are overtones of *Peter Grimes*: clearly this Norwegian

Simon Estes

seaport was an even nosier place than Crabbe's Borough, every spinning-maiden a potential Mrs. Sedley.

Kupfer has chosen his Senta carefully. The young Dane, Lisbeth Balslev, is a lyric, not a dramatic soprano. She sings the ballad in the original A minor—Wagner soon transposed it down a tone at the request of the first Senta, Schröder-Devrient. She managed the higher tessitura with ease, helped perhaps by a tempo judged too fast by some German critics but which could have been an act of mercy on the conductor's part. Only the last, climactic phrases of the opera defeated Miss Balslev, but she by then been for more than two hours on stage in the poses of a Nordic nut-case drawn by Münch, and only at the end did the physical effort seriously affect the musical performance.

Although the production is so firmly centred on Senta it is equally strongly anchored to the personality of the Negro bass-baritone Simon Estes, who sings the Dutchman with unpressively well-controlled line—something doubly important in this score which has one foot still in the world of bel-canto opera. The volume is not ideally large, but with more weight might come the unsteadiness and Wotan-woof which Mr. Estes so successfully avoid. Physically he so strikingly incorporates Senta's dream-hero that it would be difficult to replace him in the production. He needs to improve his German. The drawled vowels sound suitably exotic but they almost defeat comprehension.

From a long essay in the programme by one of the production assistants, Dorothea Glatt-Behr, one learns that the character of Erik has been built up as the only person capable of understanding Senta. Robert Schunk sang him better than most tenors, but he still seemed the usual lay figure. The steersman, Francisco Araiza, made a more *positive effect with his lighter* but more clearly projected tone. Old Mary the nurse, however, was given unusual life and authority by the well-remembered Anny Schlemm. Matti Salminen's Daland was admirable—a polished, outward-going, ambitious man unlikely to spot what was wrong at home.

It was in the music for the lesser characters and the genre scenes that the conductor Dennis Russell Davies, most surely showed his quality—the "harder" orchestration of 1843 did not make much difference in the deep Bayreuth pit, calculated to smooth out almost any abrasiveness. There were complaints about extreme tempos, which may be another way of saying that there wasn't a feeling of strong shaping of the whole. The choral singing was splendid as ever, yet the production played down the feeling of two sailors' choruses, one bluffly Norwegian, one spectrally Dutch. The sudden, sinister activity on the strange ship in the last scene was staged as a big production number (taking place of course in Senta's turbulent mind) in the middle of which the stern unexpectedly appeared, down at stage front, like a maritime Trojan Horse.

The present *Parsifal* and *Tannhäuser* in the productions respectively of Wolfgang Wagner and Götz Friedrich, though they have been described here more than once, must have a brief word. *Parsifal* came up tremendously well under Horst Stein. Theo Adam sang his first Gurnemanz, a little subdued in the first-act narration, excellent in the third act. Here Peter Hoffmann's Parsifal, lamed in the garden scene by an inadequate Kundry, came into his own. *Tannhäuser* was especially notable for the very distinguished conducting of Colin Davis and for the moving commitment of the Tannhäuser, Spas Wenkoff, in the third act (not in the previous ones, where the voice sounded badly frayed). Bernd Weikl (as Amfortas and Wolfram, using a quite different tone-colour for each role) and the Bayreuth chorus under Norbert Balatsch were outstanding in both operas.

Coventry Cathedral

Mystery plays

by MICHAEL COVENEY

It is an exciting theatrical event to have the two extant plays of the Coventry cycle performed in the atmospheric ruins of the city's old cathedral. Under open, reasonably clear skies last night, hundreds of citizens were transported back across six centuries to the vigorous medieval world of fixed stages peopled by Bible familiars and crude artisans. Lighting was excellent, the vocal projection of Belgrade Theatre members exemplary. The sensible adaptation, doing for this material something similar to what Peter Barnes does for Ben Jonson, is by Keith Miles.

The two extant pageants are those of the Shearmen and Taylors and of the Weavers. They cover the story of Jesus from the Annunciation to his performance as wise child prodigy in the Temple.

We begin with Isaiah introducing the Virgin Mary and sounding the dominant tone of merriment on account of the Lord's coming. But piety and empty religiosity never once gain a foothold. Within minutes, Joseph is stomping through the acting arena, consumed in comic jealousy and accusing Mary of secular adultery. A comforting angel puts him right, but the dramatic impact of Joseph as a character is forcefully achieved by Ray Llewellyn and effectively recapitulated after the Purifica*tion in the Temple, where he* launches into the stock Mystery Play lament for the lot of wedded man.

In a way, the two Coventry plays are bounded by the clear domestic action of Jesus, Mary and Joseph, with colourful interludes at the court of Herod and in the temple with Simian. The Weavers' Pageant ends with a pair of worried parents rescuing their son from clever conversation among the Elders.

There is more, though: the detail of Herod's campaign is beautifully sustained in both plays, and the colourfully variegated quality of Ed Thomason's direction is brilliantly offset by the harshly diametric progression of two wailing mothers singing, rather well, the Coventry Carol. Correctly placed at the end of the first pageant, and sung to the famous music in the Oxford Book of Carols, the effect in the fading light, in the shadow of medieval red brick, is quite stunning.

I am not sure that it was a good idea to complete the "Jesus story" with excerpts from the other major cycles—including the *Ludus Coventriae* (a misleading title brandished by a misguided 17th-century librarian). Admittedly, there is a good, brisk performance by Paul Alexander as the full-grown Christ and a strikingly staged Crucifixion (though not, alas, the one for comic artisans in the York cycle).

The trouble is that too much is crowded too quickly into the final 30 minutes, a complaint I would not lodge if the two Coventry plays by themselves had not been so surprisingly and interestingly cohesive.

In all, this was an invigorating experience, and, in addition to the good offices of the Belgrade *Theatre and Coventry Cathedral*, it is important to note the admirable subsidising function fulfilled by the guilds of today—the Midland Bank, West Midland Arts, Coventry Economic Building Society, the Town Wall Tavern, the De Vere Hotel, and several others.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897

Telephone: 01-248 8000

Thursday August 3 1978

Changing the rules

THERE IS no reason in principle why the Government should not review the arrangements for taxing the profits of oil companies operating in the North Sea. The petroleum revenue tax was conceived as a form of excess profits levy. It was introduced in 1975, and a "ring fence" was drawn around an oil company's North Sea *operations for corporation tax* purposes, partly because it was felt that the scales had previously been weighted too much in favour of the companies which had been granted government licences to extract oil and partly because of the further substantial profits they were expected to make as a result of the quadrupling of oil prices in 1973-74.

Marginal

After three years' experience, the Government believes that its approach had still been too cautious and that a greater share of the benefits ought to accrue in the form of tax revenue. That could well be, although it has not produced any evidence on which the public can judge. What is more remarkable, however, is the nature of the changes the Government is proposing to *make to the petroleum revenue* tax. They are likely to bear more heavily upon the smaller, more marginal fields which have yet to be developed than upon the earlier and more profitable fields, the current post-tax earnings from which prompted the present review. If there were any doubt about this, one has only to examine the examples that were issued yesterday to illustrate the effects of the proposed changes.

The reason for this is partly a desire to avoid introducing retroactive legislation, which is commendable enough. But it also stems from the nature of the tax regime imposed upon North Sea operators. They are paying royalties and corporation tax as well as the petroleum revenue tax. Royalty payments are however based upon the quantity of oil they produce *rather than the profits they* earn: and it would be difficult to change the corporation tax provisions which are helping some operators to reduce their *current (although not their* eventual) tax burden — for example, the right to offset the cost of developing new fields against the profits from existing ones — without radically altering the structure of corporation tax and thus its application to other sectors of industry.

If the Government wants to increase its total tax take from North Sea oil, it is therefore largely limited to making changes in the petroleum revenue tax. But, because of the "front loading" of development and other capital expenditure—a provision of the tax designed to assist the *operators' cash flow in the early* years of production—the yield from PRT is relatively insensitive to changes in the rate. The capital expenditure uplift is to be reduced from 175 per cent to 135 per cent, but the change is not retroactive and so the extra PRT charge for fields whose development has already been paid for will be relatively small. (The 15 percentage point increase in the PRT rate from 45 per cent to 60 per cent is in any case effectively reduced by the corporation tax offset). All in all, Ministers expect the changes to increase the total tax take by about 10 per cent by the mid-1980s, raising the average tax take from each operator from about 70 per cent of gross profits to about 75 per cent. But the increase will be greater for the operators of new fields.

Uncertainty

Whether the Government has in fact pitched its demands too high to leave sufficient incentive for the development of smaller and more marginal fields is hard to judge at this stage. The 30 per cent return on capital and other safeguard provisions designed for marginal fields remain, and operators can *claim relief from royalty* payments, as the Chief Secretary to the Treasury has said. But the changes in PRT are only the latest of a series of new terms and conditions the Government has introduced concerning BNOC participation rights, depletion rates, waste gas flaring, and so forth. The worst thing for business, particularly in an area of operation already as unpredictable as the North Sea, is uncertainty. The Government, or its successor, would be wise to bear that in mind before *deciding the final shape of any* changes in North Sea taxation.

The burial of Berrill

THE GOVERNMENT'S White Paper on British Overseas Representation, published yesterday, is only the latest in a long line of statements—official and officially commissioned — that goes back to the Plowden Report of 1964. It is also far and away the best.

In practice, the White Paper is a response to the Berrill — or "Think Tank"—report published exactly one year ago. But it is considerably *more than* that. Whereas Berrill was a one-off affair taking potshots all round, the White Paper reflects continuous thinking over a long period of time about Britain's changing role in the world and the way overseas representation —and its direction from home —should best be adapted to it. Indeed if one wishes to take one *single example of the cavalier* nature of the Berrill approach, it is to be found in the number of recommendations in the Think Tank report which turn out to be already current practice. Where Berrill said "cut" or "change," as often as not the cuts or changes had either taken place some time ago or been considered and *found inappropriate.*

Interchange

Berrill's main point, in so far as the report confined itself to the Foreign Office, was that the Diplomatic Service had somehow become out of touch with contemporary British life, with other government departments and the country's reduced world role. If the *diplomats should not* wear jeans, they should at least be merged with the Home Civil Service. Quite apart from the argument that a declining power *might actually require a* more effective diplomatic presence, the report understated the degree of adaptation that has already happened. It is the *merit of the White Paper* that it now sets the record straight.

The principle of interchange between the Foreign Office and the Home Departments has been *gradually accepted.* About half of the senior staff of the UK mission to the European Communities already comes from outside the Foreign Office. But the change goes further than that. The approach of an increasing number of *diplomats* is quite different from that of a few years ago. It is no longer sufficient to say: "The French think this," or "The Germans think that." It is necessary to be able to talk to the home civil servants on their own ground whether the subject be aerospace, monetary co-operation or whatever. It is a tribute *to the Foreign Office*—not paid by Berrill—that this is now frequently the case.

BBC

Of course, as the White Paper admits, the process of interchange could and should go much further. But it is not just a one-way street of putting the so-called realists from the *Home Departments into the* Foreign Office. Some diplomats could put new life into the Home Civil Service, and might be able to do the job with far fewer people than employed by (say) the present Department of Trade or Industry. The Foreign Office by now, after all, is used to having to work with limited resources constantly being scrutinised by public and internal reviews. It is perhaps time that the scrutiny was turned elsewhere.

There are one or two other Berrill proposals which have been firmly, if politely, rejected. The External Services of the BBC are to continue without much change and on the crucial question of ensuring audibility *are actually to receive* more money rather than less. Similarly there is to be no wholesale abolition of the British Council and the "cultural *diplomacy" of which the* Berrill report was so dismissive.

In the end there was one compelling argument: these are services of which we can be proud and which are the envy of other countries. At the same time, no other country with a comparable position in the world spends less on overseas representation than we do, and some spend more. Looking back, it is hard to see how the Berrill conclusions could ever have been reached.

The political difficulties of Schmidt's economic package

BY ADRIAN DICKS in Bonn

WHEN THE West German Cabinet produced its hard-argued DM 12.25bn (£3.1bn) economic package last *Friday, it could claim to be first* among the seven participants at the Bonn world summit meeting to have acted on its undertakings. "We have kept our promises," Chancellor Helmut Schmidt wrote in the mass-circulation Bild-Zeitung.

The Chancellor is known to have sent the same gleeful message to his fellow-summiteers over the weekend—though at a triumphant Press conference at the end of the Cabinet's three-day conclave, he did not pass up the opportunity to remind other countries of their obligations, notably President Carter of his promise to let U.S. oil prices rise to world levels by 1980.

With that, Herr Schmidt has departed on holiday, to all appearances a satisfied man, while most of Bonn's senior economic policy-making officials have also left for a well-earned break from the wearying business of drafting, redrafting and then starting all over again on the package.

Herr Hans Matthoefer (left), SDP Minister of Finance, Opposition economic spokesman, Herr Gerhard Stoltenberg (centre) and FDP Economics Minister, Count Otto Lambsdorff.

Delicate matter

Yet the sum of their achievements is, in the words of the Bonn summit communique itself, merely a set of proposals for "additional and quantitatively substantial measures up *to 1 per cent of gross national* product, designed to achieve a significant strengthening of demand and a higher rate of growth."

Getting the package enacted is going to be a considerably more delicate matter, to judge from the growing number of objections being raised to it inside and outside Parliament, and from the ranks of the two coalition parties as well as from the Christian Democratic opposition. Herr Schmidt's parliamentary problems in *translating his summit pledge* into legislative fact by January 1, when most of the measures are intended to come into force, could be every bit as great as those of his distinguished guests in Bonn last month.

Herr Schmidt's Social Democrats and their coalition partners, the Free Democrats, have announced that they will treat the package as a matter of parliamentary urgency when the Bundestag returns from the summer recess towards the end of September.

In domestic political terms, the most important single aspect of the package may be the renewed sense of common purpose between the two coalition parties which Herr Schmidt and the FDP leader, Herr Hans-Dietrich Genscher, have been heavily stressing. The need for solidarity is plain enough: the FDP will be fighting for nothing less than its survival in national politics when the voters go to the polls in Hessen and Bavaria in early October to elect new State *assemblies. If the FDP suffers* fresh reverses on the scale of those in lower Saxony and Hamburg in June, the SPD is painfully aware that its own *position in Bonn would have* been seriously weakened.

It may be going too far to suggest, as the weekly news magazine Der Spiegel claims, that Herr Schmidt's main purpose in the package manoeuv*ring was to "prop up"* Herr Genscher both as a national figure and against the widely-rumoured wishes of some in the FDP to see him replaced as leader by Count Otto Lambsdorff, the Economics Minister. Nonetheless, the economic package bears the marks of far-reaching concessions by the SPD to the FDP—in fact it is not unlike the measures which Count Lambsdorff bluntly called for on the eve of the summit in an open letter that annoyed and embarrassed Herr *Schmidt at the time.*

The most important element in the package, both politically and economically, is the proposed adjustment to personal income tax. It will account for DM10.9bn of the total net impact of DM12.25bn next year, and will put as much as DM14.4bn back into the hands of individuals in 1980, according to figures issued by the Minister of Finance, Herr Hans Matthoefer.

Specifically, the Cabinet proposal is that the basic tax-free allowance for single people should rise by DM390 to DM3,690 (twice that figure is proposed for couples), and that the present jump in tax rates which occurs at the DM16,000 income level should be smoothed out. Instead of rising abruptly from 22 per cent to 30.8 per cent, there would be a gradual increase in the proportion of income paid in tax up to a new level of DM48,000 for single taxpayers at which the progressive scale would then *once again apply.*

The political attractions of this are easy enough to see. For one thing, it is agreed by all parties and by most indepen*dent experts that the present* arrangements (themselves the result of the 1974 tax reform) are very unfair to those caught by the rise in the general level of incomes in a classic inflationary trap. The trap, it is *argued, acts either as an incen*tive to cheat the taxman by not declaring additional income, or as a disincentive to work harder at all.

Moreover, *it so happens* that the skilled manual workers and the white-collar employees who have found themselves caught in the trap are just the people *the FDP believes should be its* core constituency. As the Lower Saxony and Hamburg election results showed, only a few of them need to cast their votes to protest lobbies (notably tax reformers) for the FDP to be in serious trouble. The party's single-minded pursuit of the issue in the past two months has been aimed at a very specific section of the voting and tax-paying public.

It is partly for this reason that the left wing of Herr Schmidt's own Social Democratic Party has reacted so angrily to the way in which the tax cut proposals have been framed. The embarrassing fact is that for people earning less than about DM24,000 a year (a relatively modest level by West German standards), income tax relief under the Cabinet's proposals would be no more than DM85 a year, or about DM7 per month.

Another part of the package, of course, is the proposal that the cuts in personal taxes and increases in child allowance, maternity leave and industrial research and development should be at least partially offset by an increase in value *added tax from 12 to 13 per* cent from July 1, 1979. After the impact of this VAT increase, the net relief to people earning around DM20,000 would be minimal.

The point has now been taken up by several left-wing members of the SPD Parliamentary party who have not hesitated to oppose the Government before over tax matters. They have been careful to moderate their words, yet Herr Schmidt need think back no further than the hair's breadth majority with which he was formally re-elected Chancellor in December 1976 or to this spring's votes on the coalition's controversial anti-terrorist legislation, to remember how quickly a 10-member majority in the *Bundestag* can melt away. When such experienced SPD nonconformists as Herr Manfred Coppik or Herr Ernst Waltemathe say they feel the *tax package "still needs to* be discussed by the party," neither Herr Schmidt nor the Bundestag floor leader of the SPD, Herr Herbert Wehner, will underestimate the strength of the potential threat.

Pin the blame

Ultimately, the Government has the advantage over its own dissenters of being able to pin *on them the blame for bringing* down the SPD-FDP coalition if they remain stubborn. No such power is to hand in dealing with the objections of the CDU opposition, which possesses by virtue of its control of State governments a majority in the Bundesrat, or Federal Upper House, whose approval is needed for the package to become law.

Herr Gerhard Stoltenberg, the Schleswig-Holstein State Premier and CDU economic spokesman, has already fired a *warning shot* across the coalition's bows. He has called for the package to be "very carefully reviewed" in all its details —a starting position that hardly encourages the Government's hopes of a parliamentary rush job.

Cannily, the CDU has so far objected specifically only to the smallness of the tax relief proposed for business—the abolition of the payroll tax in 1980 (worth about DM 2.3bn that year), and the increase in the tax free allowance for small firms paying turnover tax. The party has echoed the disappointment of larger companies that these relative trifles will do little to encourage further investment. However, the State governments, and most notably the *SPD-FDP* governed North Rhine-Westphalia, stand to lose a good deal from the suppression of the payroll tax, and are not yet satisfied they will *get satisfactory compensation.*

On the broader issue of long-term tax reform, the CDU is not alone in feeling that the coalition has tried to steal its *clothes. It is not inconceivable* that when the key Bundestag-Bundesrat "mediation committee" gets down some time this autumn to working out a final version of the package, the opposition will press for more solid assurances that such anomalies as the "trap" now to be done away with will not recur.

Nor is the CDU alone in feeling that Herr Schmidt, in bluntly saying that the "room for tax reform has been used up," has committed an economic as well as a political error. It is already being pointed out that when tax reform was enthusiastically taken up by the FDP as feasible for next January—as the Government is now proposing—the Chancellor dismissed this as *Schnapsidee*, a drinker's dream.

It is probable that the Chancellor himself would have preferred a tax reform of a more long-term and more carefully considered kind to yet another "quick fix" package of measures, taken at least partly in response to the urgings of Bonn's foreign partners. The business community is not alone in its disappointment that the opportunity has been neglected to simplify and rationalise the tax system, so that the new package amounts, in the words of the Frankfurter Allgemeine Zeitung, merely to "repairs intended to deal with the worst effects of reform."

Unfortunately, the case for structural reform of the tax system became hopelessly confused during the run-up to the Bonn summit with the case for a measure of domestic stimulation already being forcefully advocated by Count Lambsdorff and by the Economics Ministry's chief policy maker, State Secretary Otto Schlecht. The argument, in brief, was that in spite of stronger exports during the second quarter, *firmer* new orders and a marked improvement in business confidence, an additional boost would be needed *for 1979* in order to stop unemployment from rising any further, partly because of the expected bulge in school leavers which, it is forecast, will add as many as 800,000 to the total between now and the mid-1980s.

What will the new package, if enacted in something like its present form, contribute towards this end?

The reductions in personal taxation and the rise in child allowances and maternity leave will all put money into ordinary consumers' pockets (even if, as Herr Schmidt admitted, some of this will inevitably find its way into savings accounts). Those who, like the U.S. officials who came with President Carter to Bonn, or the OECD secretariat appear to believe that demand is still the deficient side of the German economic equation, will hope to see a further strong rise in West German imports and a substantial impact on a visible trade surplus that was actually some DM700m more during the first six months of 1978 than for the same period of 1977.

Those who had hoped to see the opportunity used to put taxation policy to work to correct the supply weaknesses of the West German economy are, however, expressing loud disappointment. Professor Gerhard Scherhorn, chairman of the Independent Board of Economic Advisers (the "five wise men"), believes that the net effects are likely to be very slight, perhaps improving average capacity use but falling well short of what would be needed to encourage substantial job-creating new investment.

MEN AND MATTERS

Prentice eyes safest Scots seat

After nine months of trying and perhaps not a minute too soon, former Labour Cabinet Minister Reg Prentice may have found a constituency from which to fight his first general election as a Conservative.

His name has been accepted on to the Scottish candidates list by Conservative Central *Office in Edinburgh; it has been* sent with those of other hopefuls to East Renfrewshire, where Mrs. Betty Harvie Anderson, a former deputy speaker, is retiring.

Prentice has the backing of Teddy Taylor, the front-bench Scottish spokesman and MP for neighbouring Cathcart; this gives him a head start over the *local candidates.* The two men are still worlds apart politically, but Prentice would bolster Taylor's constant campaign against the "grouse moor wing" of the party.

Interviewing is in progress for the short list and Prentice's fate should be known by early next month. The seat is the safest in Scotland for the Tories, with a majority of 8,710 over the SNP last time. With the present poor fortunes of the nationalists, that could be vastly improved.

Taking the rap

Yet another male bastion has fallen. The U.S. *crime rate is* now rising faster among women than men, according to a government-financed report — "but it is larceny, embezzlement, fraud and forgery that are proving attractive to women, not homicide, assault and armed robbery."

The report suggests that women have *not suddenly* become more dishonest: they are simply getting more chance to be crooked. "With the women's movement, a much greater proportion of women are working outside the home, which provides them with greater opportunities."

The two women researchers from the University of Illinois who prepared the report say violent crimes perpetrated by women are going up too, but at a slower rate. However, on a single day last month two out of six New York bank robberies were pulled off by female gangsters.

With the ink hardly dry on its pages, the report has already been savaged by Women's Lib in the shape of an attorney at the dauntingly named Women's Grand Jury Project in New York. She disputes its suggestion that women get off more lightly than men in the courts; she also argues: "The rise in business-type offences reflects the fact that women are taking the rap for their superiors. It's so much easier to indict the book-keeper."

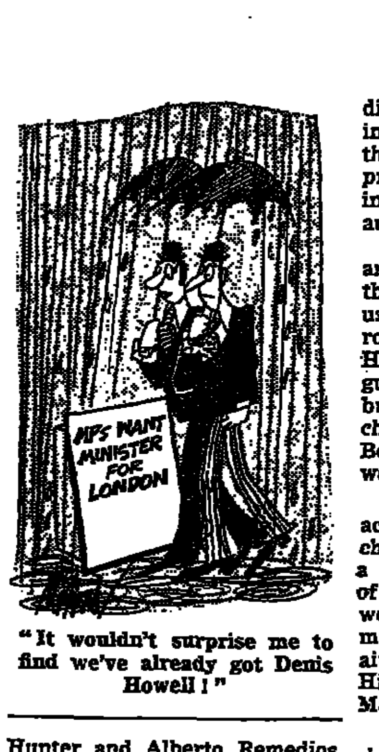
Around the Ring

What with Lord Harewood and the man from the Wigan Observer, there was stiff rivalry for having a chat with Peter Moores at the London Coliseum yesterday. Moores was the hero of the hour in almost a Wagnerian style, for it has been his support—to the tune of £125,000—which has made possible the first full recording of the "Ring" cycle in English.

The recording lasts not far short of 20 hours if you care to hear it right through non-stop. Moores told me that he had spent a recent Sunday listening to the last-completed opera, "Twilight of the Gods," from *2.30 p.m. till nine o'clock.* Although he now devotes himself increasingly to the chairmanship of his family company, the Littlewoods Organisation, Moores *spent several years* working in opera—at Glyndebourne, in Vienna and Italy.

Moores also supported two of the cycle's leading singers, Rita Hunter and Alberto Remedios, in their student days. Like him, they come *from Lancashire.* But as he admitted to me, that did not prevent some stormy moments during the seven years it has taken to complete the project. "Rita is a very tough lady," said Moores.

The Wigan Observer reporter then engaged Moores in keen discussion of local issues. The Littlewoods boss lives in a Georgian mansion a few miles from the town.



"It wouldn't surprise me to find we've already got Denis Howell!"

Good night out

Shareholders who turned up for the annual general meeting of the London and Northern Construction group — held in a *Unitarian church hall in Essex* Street — were hardly expecting lavish hospitality. After all, the group's fortunes have been decidedly mixed of late; during the *last financial year* London and Northern felt it necessary to cut its dividend from 3.25p to 2p net, conserving around £700,000 (but at the same time dismaying many shareholders, including the institutions). So the cups of tea and biscuits *provided at the a.g.m. seemed* in keeping with the overall austerity.

But London and Northern's annual festive beano, held in the evening, was thrown as usual in the sumptuous surroundings of the Middle Temple Hall. For 200 or more privileged guests (including bankers, brokers, dealers, MPs and the *chairman of the National Coal* Board), epicurean standards were well maintained.

The five-course meal was accompanied by three carefully-*chosen wines,* and followed by a crusted port; liberal supplies of cognac and fine malt whisky were on hand as well. A pipe-major played delicate Scottish airs such as the Reel of Tulloch, Highland Whisky, and Mrs. Macleod of Raasay.

So I can reassure the small shareholder who brought up the subject of the dividend cut at the earlier a.g.m., but who was not present in the evening, that a tradition was fully maintained.

Frivolity eschewed

How much coverage have the Moscow media given to the Onassis-Kauzov wedding? None. Yesterday's Pravda had a front-page picture of two smiling railway workers in Siberia, but never a sign of the happy couple. Not even deep inside the paper was there a line, nor any socialist musings on the implications for Soviet shipping. The event was totally ignored by Moscow TV's equivalent of "*News at Ten.*" One of Pravda's editors told David Satter, my colleague in Moscow: "We pay no attention to such matters. We read about it on the Reuters service, but did not even consider it."

Observer

هكذا من الأصل

ECONOMIC VIEWPOINT

Put not your trust in Princes

MANY years ago when I first began work on a book on the Treasury, I was pulled up sharply by a bright Principal who had been given the job of checking some passages on budgetary matters for factual accuracy. But his rebuke had nothing to do with the technicalities of budgetary procedure. My crime had been to refer *en passant* in an early draft of "the Treasury's growth rate." This really irritated my Treasury friend who exclaimed "You mean the *economy's* growth rate, not the Treasury's."

He was, of course, right. The nation is not a factory and the Government is not its manager. Growth rates—and other more important aspects of national life—depend upon people, habits, institutions, beliefs and procedures which, fortunately, cannot be manipulated at will either by the 20-odd men and women who sit in the Cabinet or the officials who advise them. It is especially important to remember this in the run-up to an election when the "Government" will be blamed or praised for everything that has happened in the recent past, and unlimited power for good or evil will be attributed to the choice made on polling day.

The folly of our age is to *believe that government action or inaction is the clue to everything that happens*. The caricature of this attitude is to call on the Premier "to appoint a Minister" to deal with the quality of family life, the protection of the coastline, the needs of Inner London or whatever is the headline issue of the moment. How depressingly frequently one is asked at dinner parties in relation to the Opposition of the day "Whom have they got?" as if everything would be different if only a suitably charismatic character could be made Minister for this or that.

When Mr. Denis Healey is asked the main lesson he has learned in his four-and-a-half years as Chancellor, he tends to say it is that governments can do much less than he had *earlier imagined*. But it is terribly easy to draw the wrong lesson from this humbling reflection. Once it is realised that governments cannot transform a free society, Ministers easily lapse into the moralistic approach. That is, they pretend that objectives, such as controlling inflation or maintaining overseas balance, are a matter for the patriotism of each individual citizen at his place of work.

This is to overlook the fact that people function best with limited and tangible objectives. These need not be selfish. People can work for others: and they can behave in their business affairs with a modicum of respect for other people and for the aesthetic environment. But ask someone to work for the balance of payments, or the industrial strategy, or to increase the growth rate, and he will rarely give of his best. Apart from the question of *incentives*, it is extremely unclear and controversial how best to promote these vast and vague objectives — especially when some of them, such as job-preservation and higher productivity, appear to be in conflict with each other at workplace level.

Are there not cases of governments transforming societies? The most important modern example is that of the Russian Revolution, which illustrates my point very well. So long as one objective, whether investment in heavy industry or rearmament, is imposed from the top, then the organisation model holds and a dictatorship has some advantages. But as soon as military-type objectives give way to the multifarious demands of peace, the economy can no longer be managed from on high. Indeed the very word economy is misleading and suggests a single enterprise under the control of a master rather than interacting human beings.

It is a mistake to see society as a gigantic organisation pursuing a common purpose under an elected top *management*. On the contrary society is a grouping of many social organisations and individuals with very different purposes, under a system of rules, written or tacit, to enable them to live together.

The one known peacetime device for enabling people of different aims and beliefs to serve each other's interests are the signals given by prices and profits in the market. People who find this thought "obscene" have rarely either tried to think out an alternative signalling and incentive system, or tried to reform the workings of the market. A belief in rules and *markets does not mean either* blind acceptance of the present system or a return to the rules which Mr. Gladstone knew. But it does mean channelling reforming efforts into improving the rules under which market activities are undertaken.

The real limitation of the market approach is rarely mentioned by the critics. It is that markets presuppose a whole network of, often implicit, constraints and obligations. When a free market economist advocates profit maximisation he takes it for granted that this should not be pursued by murder or by bribery of government officials. A market transaction cannot take place without rules and customs establishing ownership in the first place, and the rights that go with ownership—whether of a factory or a motor-car. Thus it seems that in the last resort markets are backed by the force of the State. But even that it not quite true. Law enforcement itself depends on the individuals who have to do the enforcing.

For as David Hume remarked: "*The governors have nothing to* support them but opinion. The Sultan of Egypt or the Emperor of Rome might drive his harmless subjects like brute beasts, against their sentiments and inclination; but he must at least have led his mamelukes or praetorian bands like men, by their opinion." Thus in the last resort it is neither markets nor state force which rule, but people's beliefs — although in a complex society it *is* difficult to see which people's beliefs count for how much.

"As David Hume remarked: 'The governors have nothing to support them but opinion. The Sultan of Egypt or the Emperor of Rome might drive his harmless subjects like brute beasts, against their sentiments and inclination; but he must at least have led his mamelukes or praetorian bands like men, by their opinion.' Thus . . . it is neither markets nor state force which rule, but people's beliefs—although in a complex society it is difficult to see which people's beliefs count for how much."

Closely related to the over-estimate of what governments can do is an overestimate of what economists can achieve. Unfortunately much of the anger directed at economists comes from people who believe that a few, non-controversial and painless gimmicks ought to be able to solve all problems, and who blame the witchdoctors for not providing them.

Excellent examples are the control of the money supply and floating exchange rates. These both have a limited but definite purpose: regulating the *price level on the one hand*, and the overseas balance on the other. In this they have worked completely and there is not a word for a monetarist to take back or repent. But such is the statist temper of our times that conventional opinion believes that they have failed because they have done only the job for which they are intended and have not been a miracle cure-all drug.

The real criticism of monetarism is the opposite of the vulgar one that it leaves too much to market forces. On the contrary modern monetarists are too statist and take too seriously the arbitrary demarcation of statisticians. The periods in history in which the price level was held roughly stable were those in which money had a gold or silver base. Modern monetarism depends both on governments tying their hands by a pre-ordained rule and on people not making substitutions between those assets which are inside the official definition of the money supply and those which are outside.

The view of society as an interrelationship among individuals is not a recommendation for accepting the *status quo*, as it is often misrepresented as being. But it does imply that changes should be made in the rules of the game, rather than by policy decisions announced from the top. Countries need not have "policies," except in relation to each other—and even here the fewer the better. A rule of law approach is nothing to do with conservatism—in the U.S. for instance the Constitution has been an indispensable safeguard for radicals, from the time of McCarthy to that of Nixon.

Much of what we accept as natural and inevitable is due to rules, which could be, and at one time were, different. Limited liability companies are a creation of the law. So too are private property, and its rights and obligations. There could be alternative rules under which the ownership of enterprises were vested in workers or local authorities or groups of consumers—I am neither advocating nor condemning such changes, merely indicating their possibility.

The argument between government by rule and government by discretionary edicts of political leaders cuts right across capitalist-socialist arguments about forms of ownership. Labour's belief in the blessings of intervention and the Conservative regard for authority and leadership both militate against a rule of law approach. (Unfortunately present-day Liberals do not offer a third philosophical choice.) But as a matter of principle it is possible to have socalised enterprises competing with each other under a framework of rule and to have private enterprise subject to orders, bribes and penalties at the discretion of government departments—as is often the case in the U.S.

In writing these columns it has often been necessary to point out that, although any clever undergraduate can think of government action which could improve the workings of the unaided market, all too many government actions have in practice made for worse results. Examples include housing policies which create shortages and impair mobility, labour and incomes policies which have worsened both unemployment and labour shortages, exchange rate "management" which has increased inflation, and high marginal tax rates which distort the economy without benefiting the poor. Many more examples could be given; but the absolute level of taxation and government spending are *not* on my list.

The perversity of so much government intervention is a standing temptation to exaggerate the measurable benefits of a freer regime. There is, however, no guarantee that if every perverse government intervention were removed, an economic miracle would arrive. One of the lessons of recent history is the wide variety of different political regimes under which economies can flourish or stagnate. The case for freedom is weakened if presented in the language of growthmanship. Is it a coincidence that while West Germany is the model of a prosperous free enterprise economy, East Germany is also the most successful of the Communist economies?

In the words of Dr. Johnson;

How small, of all that human hearts endure,
That part which laws or kings can cause or cure.
Still to ourselves in every place consigned,
Our own felicity we make or find.

If Dr. Johnson erred, it is because "laws or kings" can "cause" plenty of harm even if they can "cure" all too little.

Samuel Brittan

Letters to the Editor

Microelectronic chip engineering

From the Chairman, Mackintosh Consultants.

Sir,—I am not at all clear why R. Toeman (July 27) should doubt my company's qualifications for advising the UK Government about its new *approaches* to microelectronics, but since you have published his criticisms perhaps I might first be allowed to rebut them, before proceeding to matters of greater importance.

In the first place Mackintosh Consultants Company is one of the world's largest consultancy companies specialising in electronics, having offices in the UK, West Germany and the *United* States and a world-wide clientele of Governments and major industrial corporations, including 34 international manufacturers of microelectronic products. More specifically, eight of our senior full-time staff have considerable executive experience in microelectronics and, before founding this company, I was managing director of Elliott-Automation Microelectronics—at the time, one of Europe's most thrusting and successful integrated circuit companies. Despite our considerable activities in other sectors of electronics I hope that Mr. Toeman will now accept that our credentials in the semiconductor sector are out*standingly good, despite the fact* that we do not manufacture products.

He further castigates us for an "ivory tower" approach, which is particularly inept in light of our many and well-known attempts during this decade to get the British (and other) Governments and the European semiconductor industry as a whole to adopt a more realistic, committed and meaningful approach to this vital new industry. As long ago as 1971 (in a report to NRDC and the then Ministry of Technology) we were strongly advocating a new national strategy to be based, inter alia, on very high levels of government support, the develop*ment of integrated circuit (IC)* production volumes to levels comparable to *those of* competitors (mainly American), the restructuring of the UK semiconductor industry along *entrepreneurial* lines (i.e. to be free from the constraints of operating as mere divisions of *major multi-product* corporations) and the aggressive pursuit of all relevant markets—*especially in the United States*. These views we have never changed, and it is with a sense of some satisfaction and considerable relief that we have recently witnessed various agencies of the UK Government taking actions to meet some, at least, of these criteria for success in the integrated circuit business.

It is, of course, impossible to present an analysis of all of the strategic complexities of this most complex of all industries in the space available. Nevertheless, I would like to stress that we believe that no industrialised nation can afford to see its design and production of integrated circuits (including the ubiquitous microprocessor) predominantly *in the control of foreign supliers.* Whereas many of these companies have played a very useful role in helping to develop the present UK-based IC manufacturing capability (and will, I hope and expect, continue to do so), it is vital to the future of the electronics equipment industry in Britain that it has direct and immediate *access to the most* advanced IC technology and products and this, by and large, the foreign-owned semiconductor companies have not always been disposed to provide.

The new British Government strategy should therefore—in our view — be entirely welcomed. Although success in terms of market *penetration and profit*ability will obviously take some time to achieve, these new moves by the Government will improve the prospects not only of the UK semiconductor industry as a whole but also of all the various sector of the British electronics equipment industry to a significant degree. NEB's £50m investment in the new transatlantic company Inmos should give the UK full access to the most *advanced design and production* skills relevant to avant garde IC products (that is the 64K random access memory and microcomputers). At the same time, the DoI's £70m support scheme for the British and UK-based multi-national IC companies, plus its three separate schemes for encouraging the use of microprocessors, should give a very significant boost to this country's abilities in both the manufacture and the application of the most advanced semiconductor components.

Although much still remains to be done, I am encouraged to believe that, in an analogy with America's well-known Silicon Valley, we might now be on the *way to making the UK a* "skill cluster" of leading producers, designers and users of silicon integrated circuits—what I have dubbed elsewhere as "Silicon Island."

(Dr.) I. M. Mackintosh.
Flemington Road, Queensway, Glenrothes, Fife.

Printed circuit industry

From Mr. P. Trigg

Sir,—We were disturbed to read the report on your Technical Page (July 24), giving a summary of the Larsen Sweeney report on the UK printed circuit industry, and we have taken steps, through the auspices of the Electronic Components Industry Federation, to ensure that information would be gathered and published to refute the very dangerous allegations. Unfortunately this takes time to arrange, and in the meantime you have published (July 31) a further and more detailed summary of the Larsen Sweeney report.

We are assured that official representation in the industry will consider what action it can take to contest the accusations in relation to quality, price and delivery, and we will support that action in every way possible. As an interim measure however, we wish to say as emphatically as we can that we believe the UK to be competitive in quality and technology with both American and European manufacturers, and are confident that information can be prepared to support that belief against the claims of the report to which you have given so much prominence.

Our belief is founded on the *intimate knowledge gained of the* industry over 25 years, as holders of the original patent, as members of the UK representative body, and as co-licensors to printed circuit companies worldwide, and therefore it is with considerable surprise that we read of the uncompetitiveness and low technology of the UK industry. Our experience has been the *reverse* with UK companies supplying to industry, both home and overseas, the product that is required, that is high technology, superior quality, and price competitive with international suppliers.

Peter Trigg.
Director and General Manager,
Technograph and Telegraph,
Easthampstead Road,
Bracknell, Berks.

TV coverage of chemicals

From the Director-General, Chemical Industries Association.

Sir,—The police are not alone in being concerned about BBC TV's editorial policy (July 26). We are currently in correspondence with the BBC about three recent news stories concerning our industry, in which we feel that the treatment by three BBC current affairs programmes was "unfair" — in our view "unfair" to the extent of displaying actual bias and hostility to our industry, *although that is admittedly just* our opinion!

Our worries, however, extend beyond these specific cases to include "character assassination by selection" in the wider treatment, or rather untreatment, of our industry by TV generally. Accidents and controversial situations involving chemicals *usually receive high-key sensa*tional coverage, while vast areas of constructive activity by this industry and the people in it are largely ignored. The reason given for the invisibility of the attractive face of chemicals is often that our achievements lack viewer interest and appeal.

The news of police concern at *their treatment leads me to* believe that what we had hitherto regarded as our parochial problem could have wider social implications.

The concept of high public service in broadcasting, developed by John Reith, may now seem outdated and there may be strong public support for programme *emphasis having* been shifted to entertainment as the principal *raison d'etre* for TV. The occasion of the White Paper on Broadcasting, following 16 months after the Annan Report, is perhaps a suitable trigger to review our conventional wisdom regarding editorial freedom on TV as it affects public interest in current affairs.

The Secretary of State's Prescribing Memoranda (which constitutes, in effect, an appendix to the BBC's Charter and Licence), *inter alia*, requires the BBC to refrain from "editorialising," in the Press sense, while retaining its editorial function. This apparent contradiction adds a theological dimension to a management guideline. Corresponding guidance for the IBA is given in the Independent Broadcasting Authority Act 1973.

As Sir Hugh Greene pointed out, however . . . "We (the BBC) have to balance different points of view in our programmes but not necessarily within each individual programme. *Nothing is* more stultifying than the current affairs programme in which all the opposing opinions cancel each other out." He goes on to suggest that "balance" can be achieved over a period of time, rather than in a single programme.

If one were considering a carefully constructed lecture *course in which the student* would attend, and would be equally attentive to, all the lectures, one might be tempted to agree. Practically, however, and considering a medium which is apparently seen largely as entertainment, one has to regard such a view as academic and unrealistic. In the real world, balance, to be fair and effective, must be contained in a single programme, even though this may diminish its impact as entertainment. Some subjects are too important to our society to be consigned to the "bread and circuses" department.

This brings us to the crunch question of how much editorial *judgment and selective decisions* it is reasonable to put on the shoulders of production staff properly selected for their artistic, creative and technical abilities—in the absence of clear and agreed guidelines on what is or is not "fair" and in the best interests of society rather than simply good entertainment.

Before the White Paper on Broadcasting congeals into legislation perhaps we should debate publicly some of its basic assumptions (Chapers 9 and 10) about responsibility and accountability for content and treatment of current affairs and news items. Certainly the 522 pages of the Annan Report deserve wider public study and discussion.

Martin E. Trowbridge.
Alembic House.
93, Albert Embankment, SE1.

Life is a risky business

From Mr. W. Wilson

Sir,—I regret to say that I find Sue Cameron's article on industrial disasters (July 28) singularly divorced from its title "How to prevent another Flixborough disaster." The starting point of my argument is, of course, that it simply cannot be *done—preventing disasters. With* luck, planning, foresight and skill it is possible to reduce the odds on repeating a particular failure, but avoiding one that has not occurred is rather more difficult. Safety regulations did not prevent Ronan Point, fire regulations do not prevent fires, nor MOT regulations failures in motor cars, so we had better buckle down to the thought that living is a risky business and the prevention of disasters impossible.

If Sue Cameron's article had been more properly titled it might have been read with an unenquiring mind, but it goes on, at some length, with views *mostly* on the activities of managers in this context. It is a pity for the emphasis to be so, because managers can usually only create the climate in which good practice can be followed and because good practice in man-made fabrications stems almost solely from the activities of technologists—activities of which non-technologists on the whole have but the vaguest clues. More particularly, the kind of failures in mind arise from stress, stress reversals, temperature, incompatible materials, corrosion, chemical reactions and the like, and on the whole, the people who are unlikely to appreciate these things (and their effects) best are engineers.

To take the point further, the kind of engineer likely to be able to give the most comprehensive attention to these things would be a chartered engineer. I am conscious of the fact that there are varieties of engineer, that other technological professions are not to be overlooked in particular circumstances, but in the generality I am convinced of the virtues of my case and prepared to argue it further. Indeed, I would go so far as to say that a chief safety officer of a Flixborough or any analogous edifice should more frequently than not be of the genus described.

I disclose a vested interest—I am a chartered engineer—but past the years of ambition. And in closing, I would point out that in an engineering failure creating a "disaster" the appearance of a chartered engineer in the witness box explaining the "defendant's" *case might be a great deal more* reassuring and helpful than lay—no matter how intelligent—conjecture. And at the very least such an appearance would show a firm link between accountability and skill!

W. L. Wilson.
Oakwood, 34, Chestnut Avenue,
Chorleywood, Herts.

Today's Events

GENERAL

The Queen opens Eleventh Commonwealth Games in Edmonton, Alberta.

Roll Committee of National *Economic Development Council* meets to finalise its views on finance for small companies.

Enterprise North East Exhibition opens, Bridge of Don Showground, Aberdeen (until August 6).

London Chamber of Commerce Economic Affairs Committee meets, 69, Cannon Street, EC4, 2.30 pm.

Harrogate Festival of Arts and Sciences opens (until August 16).

PARLIAMENTARY BUSINESS

House of Commons: House meets at 11 am. Questions until noon. Adjournment debates until 5 pm. It then adjourns for summer recess until Tuesday, October 24.

OFFICIAL STATISTICS

Building society house prices and mortgage advances (second quarter).

COMPANY RESULTS

Final dividends: Austin (James) Steel Holdings; Best and May; Black (Peter) Holdings; Firth (G.M.) (Metals); James (John) Group; Malaysia Rubber, Kennedy *(Allan); Midland Trust, Ransom* (William) and Son. Interim dividends: Adams and Gibbon; Hoover; Law Debenture Corporation; River and Mercantile Trust; TACE; Vantona Group; Witter (Thomas). Interim figures only: Clarke Nickolls and Coombs; Reed *International.*

COMPANY MEETINGS

Anglo-Indonesian, 37, Queen Street, EC, 12. Anderson Strathclyde, Central Hotel, Glasgow, 12. Bradford Property Trust, Victoria Hotel, Bradford, 12. Christy Bros., 171, Broomfield Road, Chelmsford, 12. Chesterfield Properties, Washington Hotel, W, 11. Chloride, London *Hilton, W, 11.30. Cropper (James),* Burneside Mills, Kendal, 12. MK Electric, Abercorn Rooms, EC, 12. Fuller Smith and Turner, Griffin Brewery, Chiswick, 11.30. Pitman, Connaught Rooms, WC, 11. Renold, Wythenshawe, Manchester, 2.30. Valor, 4, Dowgate Hill, EC, 12.15.

OPERA

English National Opera production of The Magic Flute, Coliseum Theatre, WC2, 7.30 pm.

BALLET

Final performance by Batsheva Dance Company, with Galina and Valery Panov, Royal Festival Hall, SE1, 7.30 pm.

LUNCHTIME MUSIC

Metropolitan Police band concert, St. Paul's Cathedral steps, noon to 2 pm.

SPORT

Golf: Colgate women's tournament, Sunningdale; PGA under-23 match play championships, Belfry. Tennis: British junior championships, Eastbourne. Show jumping: Hickstead meeting.

COMPANY NEWS + COMMENT

Acrow keeps up momentum to top £13m

CONTINUING THE progress made in the first half, pre-tax profits of Acrow, engineers, increased by £1.13m to £7.85m in the second half of the year to March 31, 1978, and left the full year figure £2.41m ahead at £13.14m.

At the interim stage when profits were up from £4.01m to £5.3m the directors said that a record year for sales and profits was well in sight. In the event sales rose from £112.21m to £147.22m.

Stated yearly earnings per 25p share improved from 9.05p to 11.37p and the dividend is increased from 2.266025p to 2.530395p with a final of 1.155395p net. A scrip issue on the basis of one non voting "A" ordinary share for every 10 ordinary or "A" non-voting is also proposed.

Tax for the year took £6.53m (£5.61m) and this time there were extraordinary debits of £0.79m. After minorities of £92,374 (£12,933) the attributable balance advanced from £5.11m to £5.73m.

	1977-78 £	1976-77 £
Turnover	147,222,941	122,209,283
Profit before tax	13,141,336	10,729,260
Tax	6,520,578	5,607,146
Extraord. debits	787,491	12,933
Minority profit	92,374	12,933
Attributable	5,731,593	5,109,181
Preference div	17,325	17,325
Ordinary interim	786,312	701,254
Final	660,914	571,620
Adjustment 1976-77	9,140	—
Retained	4,257,962	3,816,982

Mr. W. A. da Vigier, chairman, reports that exports continue to grow and in the year under review amounted to £87,100,000—62.62 per cent of the turnover of UK companies, an increase of 28.63 per cent.

This year, the company is welcoming to the UK over 1,000 delegates from 82 countries to the 1978 Acrow World Convention. This will stimulate further future export business, adds Mr. da Vigier.

All Acrow companies are fully set on expansion programmes and in continuing to modernise and extend capacity. Research in the Acrow R and D Centres continues to provide back-up for all aspects of the business with special emphasis on the improvement of existing and the development of new products.

● comment

Acrow's profit growth continues apace. Pre-tax profits are 22½ per cent higher on the back of a one-fifth rise in turnover. To put this performance in perspective, Acrow made profits of £2.7m in 1973 and could make £15m-£16m in the current year. Given that its home market is stagnant (and is declining in real terms), world trade is flat and the rise in sterling could be expected to bite into export margins, Acrow's recent performance is impressive. Last year it increased its exports by 29 per cent and they now account for around two-thirds of sales, against just a third five years ago. The company chairman, Mr Bill de Vigier, gives few clues to his company's success, save to say that "we hustle a little bit harder."

Helped by the completion of the Reddish factory which will boost container output from 8,000 per annum to 12,000, this side of the business has done exceptionally well as have exports of agricultural equipment. Meanwhile the important crane operations (just under half total turnover) and Thomas Storey (prefabricated bridges) continue to perform well. The "A" shares closed unchanged at 94p last night where they are selling on eight times earnings. Although the company's growth record shows little sign of faltering the main drawback is the non-enfranchisement of the shares.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Yeoman Inv. Trust ...int.	3‡	Sept. 15	2.64	—	7.59
Acrow	1.16	—	1.02	2.53	2.27
W. Canning ...int.	1.65	Dec. 1	1.5	—§	3.53
Chloride ...3rd int.¶	0.06	—	0.05°	5.2	4.65
City of London Brewery	0.96	Aug. 31	0.83	2.76	2.4
Coghlans	12.9	—	12.9	12.9	12.9
Dixons Photo.	1.51	—	1.34	2.42	2.16
G. H. Downing ...3rd int.	0.17	Oct. 2	0.16	11.59	10.38
English and NY ...int.	1.25	Oct. 3	1.05	—	2.6
Gnome Photo	2.84	Oct. 6	2.54	2.84	2.54
RFD Group	0.99	Sept. 18	0.98	1.6	1.43
Wm. Sommerville	2.25	Sept. 22	2	2.75	2.5
Somportex	3.77	Sept. 15	3.38	3.77	3.38

Dividends shown pence per share net except where otherwise stated. ° Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To reduce disparity, with final. § Total of 3.935p forecast. ¶ Compensating dividend due to change in ACT.

W. Canning still sees good year

PROFITS BEFORE tax of W. Canning fell slightly from £751,000 to £717,000 in the first half of 1978 but the directors are still confident that results for the year will be satisfactory.

The interim dividend is stepped up from 1.5p to 1.65p and a total for the year of 3.935p is expected. Last year's total was 3.526p from pre-tax profits of £1.54m.

Earnings per 25p share for the first half are given as 4.7p against 3.3p.

	Half year 1978 £000	1977 £000
Sales	17,937	15,219
Trading profit	814	819
Interest	97	68
Profit before tax	717	751
Tax	201	391
Minorities	4	—
Extraordinary items	58	2
Attributable	570	362

Results reflect the low level of business activity in the UK and consequently materials activity got off to a slow start, the directors say. Exports, however, continued to improve.

The incidence of the completion of engineering and effluent control contracts also affected profitability at the half year.

Two new acquisitions—Copal Foundries and Hird-Brown acquired respectively on December 30, 1977, and April 4, 1978—provided a contribution for the first time. After financing costs this amounted to £144,000 on a turnover of £1.3m.

Due to the incidence of capital expenditure the tax charge for the half year is not necessarily representative of the charge which the company will incur on its full year trading, the directors explain.

Referring to the recent purchase of assets, being mainly plant, machinery and stock, from the receiver of John Betts and Sons, the directors say the assets will be used to facilitate entry into the precious metal recovery industry and for this purpose, a new subsidiary company has been formed—John Betts Refiners.

Property Partnerships

The directors and other shareholders of Property Partnerships have decided not to take up their entitlement to about 62.3 per cent of the new shares offered by way of rights on Monday.

Their entitlement of 442,202 new ordinary share has, instead, been placed through the market at 615/32p per share nil paid. The rights was on a one-for-four basis at 94p per share to raise £0.64m.

The directors concerned are Mr. R. King (59,556 shares), Mr. P. R. King (76,930 shares), Mr. W. J. Hayden (15,069 shares) and Mr. M. R. King (80,980 shares). In addition the trustees of certain trusts in which the directors are not beneficially interested have sold their respective entitlements to an aggregate of 209,667 new shares.

Halma has to cut final

Mr. David Barber, the chairman of Halma, manufacturer of industrial safety systems, etc., said at the AGM it was disappointing that the directors were not free to implement the doubled dividend, proposed in June, with a final payment of 1.398p.

Under Government legislation, he said that the maximum allowed final amount payable was now 0.2786p net per share, making a total of 1.3986p (1.259p) for the March 31, 1978, year.

The chairman added that it was the directors intention to seek alternative means to increase the dividend income of shareholders.

And he said he believed that the concession, permitting dividend increases to be in line with higher profits, were welcome and should be relevant when the directors review the dividend policy for the 1978-79 year.

As known pre-tax profits for the March 31, 1978, year advanced from £560,758 to a record £843,696; Mr. Barber revealed that profits for the first quarter of the *current year were ahead of the* same period last year. He said he was confident that profits for the first half would be a further improvement on last year's record figures.

Equity & Law new fund

Equity and Law (Managed Funds), the investment management subsidiary of Equity and Law Life Assurance Society, has launched a fixed interest fund to supplement its existing property and mixed funds previously available.

The company offers investment management services to pension schemes on the united principle, enabling trustees to have professional management while still retaining the identity of the underlying investments.

The initial contributions to the fund will amount to £750,000 and the fund is expected to increase by about £2.3m in its first year of operation.

RFD goes ahead in second half

FOR THE year ended March 31, 1978, the RFD Group reports a 9 per cent rise to £3.45m in pre-tax profits, with almost the entire increase coming in the second half.

The directors point out that the growth rate was down on the last two years because of the slackening of inflation and the strengthening of sterling, which reduced the apparently favourable effects of profits on stocks and overseas trading. There was also a downturn of nearly £300,000 in Holland.

The group makes inflatables products, military software and industrial safety equipment, and specialist textiles. On the inflatables products side there was a £200,000 profit downturn, but this was more than offset by a £440,000 lift from military software and industrial safety equipment.

Earnings for 1977-78 are shown at 17.3p (10.7p) per 10p share. The final dividend is 0.9959p for a net total of 1.5959p (1.4304p).

The revised accounting policy for deferred tax together with the trading results has lifted dividend cover to 10.8 times (7.5) and the assets per ordinary share to 71p (55p).

	1977-78 £000	1976-77 £000
Turnover	18,745	15,970
Inflatables	7,879	7,043
Military and safety	5,683	4,489
Specialist textiles	5,184	4,438
Trading profit	3,383	3,168
Inflatables	971	1,167
Military and safety	1,588	1,146
Specialist textiles	824	790
Interest receivable	68	56
Profit before tax	3,451	3,159
U.K. tax	*1,164	1,609
Overseas tax credit	88	†82
Net profit	2,375	1,468
Minority	5	—
Exchange gains	17	44
Goodwill w/o	51	—
Attributable	2,336	1,512
Preference dividends	4	4
Ordinary dividends	217	195
Retained	2,115	1,313

* Reduced following ED 19. † Debit.

● comment

RFD's lack-lustre performance in the first six months has been followed by a 17 per cent profits rise in the second half, and the shares closed 3½p higher at 74p. However, the outcome for the year still reflects a slowdown in the growth rate seen over the *previous two periods, mainly* because of the recession in the shipping industry which has hit the demand for life rafts. Here, volume sales are around 15 per cent lower and the profits contribution from the inflatable products division dropped from 37 per cent to 29 per cent of total. With little support from the smaller specialist textile division, RFD had to depend for its growth on such products as military training aids (simulators, etc) and industrial safety equipment where profits jumped by 39 per cent. This appears to be the only area at present which shows any growth potential. There are plans to shift the emphasis in the inflatable products division from marine applications (two thirds of profits) to aero and leisure, but this will take time to be effective. Meanwhile, the shares are on a p/e of 4.2 while the yield of 3.3 per cent is covered almost 11 times.

Freddie Mansfield

Mr. Stanley Kalms, chairman of Dixons Photographic.

B. Elliott strengthens balance sheet

The balance sheet at B. Elliott and Company has been strengthened once again—borrowings represent only 20 per cent of shareholders' funds and cash flow continues to be very satisfactory, Mr. F. M. Russell, the chairman, says in his annual report.

However the group is currently involved in a major development programme in the manufacturing plants which will absorb about £5m over the next two years, the chairman says.

For the year ended March 31, 1978, profits before tax rose from £4.3m to £5.6m on turnover of £74.33m against £57.15m. The *dividend is 5.3258p (4.772p).*

Profit under CCA is reduced to £4.06m (£2.63m) after depreciation, £480,000 (£425,000), cost of sales, £1.75m (£2.05m) and gearing, £690,000 (£800,000).

The machine tool manufacturing division, of which the Newall companies now form part, had a good year with few exceptions the chairman says. Butler and Newall Engineering were the major successes, the Butler profits being the highest of any *unit for the second year running.*

Keighley Grinders and Snow also did well. Directors expect to invest some £3m over the next 18 months on improvements and extension to the productive resources of this division, including a major development at the Peterborough works of Newall Engineering.

In this division orders books *generally* are sound and the current financial year started with a substantial proportion of *productive capacity forward sold.*

The machine tool merchanting division produced an excellent performance. Once again the major contributors were Gate, Elgar and P.M.T., but two smaller companies, E.M. Equipment and Acton, had substantial increases in sales and profits.

LOOKERS

Following the reduction in the rate of ACT, the directors of Lookers announce a supplementary dividend of 0.0235p per 25p share which is the further allowable increase in the final for the year to September 30, 1977.

The dividend is payable on September 29 as an addition to the interim dividend of 0.99825p net for the current year.

Gnome up £54,000 over year

A SECOND half profit of £152,102 against £103,616 lifted pre-tax profit of Gnome Photographic Products from £252,114 to a peak £305,796 for the full May 31, 1978, year. Turnover was ahead at £1.41m compared with £1.14m.

Stated earnings per 10p share are 5.749p (4.885p) and the single dividend payment for the year is stepped up from 2.541p to *2.8375p net.*

Pre-tax profit figure included interest and dividends received of £55,351 against £76,036 but was subject to tax of £161,403 (£129,412). Net profit emerged at £144,393 (£122,702) and was boosted by an extraordinary credit for the period of £9,720; last time there was an extraordinary debit of £2,078.

BARING BROS. DOWN AT SIX MONTHS

The directors of Baring Brothers and Co. announce that the unaudited results for the six months to June 30, 1978 indicate that the profits for this period were at a lower level than those for the corresponding period in 1977.

INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
Acrow	20	1	Halma	20	3
Bids and Deals	20	4	I. C. Gas	21	4
Canning (W.)	20	2	Knott Mill	21	6
City of London Bwy.	21	5	Mining News	21	1
Cocksedge	21	5	Oil and Associated	21	5
Coghlans	20	8	Property Partnerships	20	2
Dixons Photo	20	7	RFD Group	20	4
Elliott (B.)	20	5	Scottish Amicable	20	7
English and New York	21	8	Shaw Carpets	21	7
Equity and Law	20	3	Sommerville (Wm)	20	8
Eva Industries	21	4	Warner Holidays	21	7
Gnome Photo	20	6	Yeoman Trust	21	5

Record £9.5m by Dixons Photo

RECORD turnover of £192.97m against £158.8m and profits before tax up from £8.73m to a peak £9.52m are reported by Dixons Photographic for the year ended April 29, 1978.

With first half profits showing an improvement from £4.46m to £4.77m, the directors were expecting that the final results would show satisfactory growth.

Earnings per 10p share are shown at 22.4p (21.4p) for the year and a final dividend of 1.51p makes a total of 2.4175p compared with 2.165p previously.

	Year 1977-78 £000	1976-77 £000
Turnover†	192,973	158,998
Retail	52,952	45,068
Processing	4,610	3,378
Pharmaceutical	77,849	63,280
Manufacturing	1,697	1,796
Overseas	58,065	45,366
Inter-co. sales	2,577	8,684
Profit	9,519	8,733
Retail	3,552	2,556
Processing	693	488
Pharmaceutical	1,016	1,748
Manufacturing	333	335
Overseas	3,826	3,596
UK tax	457	95
Overseas	724	719
Net profit	8,338	7,928
Minorities	—	5
Exchange gain	1,248	278
Off goodwill	409	409
Dividends	900	504
Retained	8,286	6,997

† Excluding VAT.

The directors also announce the acquisition of Branded Goods Wholesale (Stoke-on-Trent) and its subsidiary D.W.B. (Enterprise Marketing).

The consideration of £650,000 will be satisfied by the issue of 437,416 ordinary shares in Dixons, ranking pari passu with the existing Dixons ordinary except that they will not rank for dividends in 1977-78.

Application will be made to the Stock Exchange for the consideration shares to be admitted.

Branded Goods distributes a wide range of chemists' merchandise. It has recently established a voluntary retail trading association in the Midlands whose members trade under the "Enterprise" symbol. Pre-tax profits for 1976-77 were £84,377, and turnover, £3.9m. Net assets will amount to no less than £350,000.

See Lex

Upsurge at Wm. Sommerville

WITH TURNOVER up from £4.36m to £5.8m, pre-tax profits of William Sommerville and Son, paper maker, surged ahead from £160,496 to £314,005 in the year to May 31, 1978.

Earnings per 25p share are given at 22.8 (11.4p) and the final dividend is 2.25p net for a 2.75p (2.5p) total.

After tax of £165,413 (£85,042) the net balance rose from £75,454 to £148,592.

£19,448 loss at Coghlans

THE DIRECTORS of Coghlans, bright steel and hot rolled bars manufacturer, report a turnround from a £306,233 profit to a pretax loss of £19,448 for the March 31, 1978, year, on turnover up slightly to £5.6m against £5.56m.

At the interim stage Coghlans revealed a £232,271 turnround from a £196,333 profit to a £35,938 loss.

No earnings are stated, compared with 19p per £1 share last time but the dividend is maintained at 12.896p net.

Loss was struck after interest of £59,286 (£3,179). With a tax credit of £21,511 against a charge of £4,876 there was a net profit for the year of £2,058 (£301,357).

Scottish Amicable new premiums increase

RECORD NEW life business during the first half of this year is reported by Scottish Amicable Life Assurance Society, with new annual premiums in the UK rising by 23 per cent to £7.3m.

Much of the growth came from the company's individual pension scheme for directors and executives superannuation, where new annual premiums jumped by 61 per cent to £2.3m.

Group life and pensions business resumed its growth trend following the introduction of the new State pension scheme in April, with new annual premiums being 16 per cent higher at nearly £2m. This latter figure does not include contributions to the Society's managed fund subsidiary.

The company's self-employed pension scheme, Flexipension, also proved to be popular with investors with annual premiums at £1.9m only slightly lower than the corresponding period in 1977 when sales were extremely buoyant in a dull market.

However the number of contracts sold was slightly up on the period. On individual life business, contracts connected with house mortgage repayment showed a considerable increase this year and sales of the company's *flexible endowment were picking* up in the second quarter after a dull first quarter.

The latest report from the Society's subsidiary, Scottish Amicable Pensions Investments, showed that the fund stood at £54m at the end of June with its portfolio split between Gilts and other fixed interest (29.5 per cent), UK equities (48.6 per cent), overseas equities (7.8 per cent) and property (10.6 per cent).

The managers feel the UK market continues to be relatively cheap and advocates a fairly full-invested position.

Big increase in sales of Krugerrands

In line with the current interest in gold and growing disillusion with the dollar, Krugerrand sales in July were 67 per cent up on the previous month.

The International Gold Corporation said in Johannesburg yesterday that sales in July totalled 388,159, compared with 232,265 in June and 313,000 in July last year.

On the London market last night Krugerrands closed at a *middle price of $210¾.*

BIDS AND DEALS

BICC buys Wigan offshoot

BY DOBSON PARK

Agreement has been reached for BICC to buy from Dobson Park Industries, *the share capital* of Heyes and Co. of Wigan, makers of flameproof electrical equipment and lighting.

The consideration (payable in cash) will depend on the audited value of the assets of Heyes and Co but it not expected to exceed £400,000.

Heyes will become part of BICC Components, whose product range includes cable terminations and cable support systems, sold extensively to the oil and petrochemical industry, where Heyes presently finds its main outlets.

BICC intends to improve the Heyes manufacturing facilities and to expand its activities into broader product and market areas.

W. J. PYKE TO STAY LISTED

The offer document from Brown Shipley and Co., on behalf of Mr. David Thompson for the 61.2 per cent of W. J. Pyke he *does not already own does nothing* to dispell any of the unusual factors in the case.

The document does confirm that Mr. Thompson used to own the meat company B. Thompson which was taken over by J. B. Eastwood, and that he is chairman and major shareholder in Uniflex Holdings, the furniture group.

It also confirms Mr. Thompson's earlier statement that he bought the 37.3 per cent Pyke family stake which triggered off the bid only as an investment. He now adds that he has "no present intention either to seek representation on the board of Pyke or to involve himself in any aspects of its day-to-day management."

Furthermore, Mr. Thompson says that he intends to keep Pyke's listing as a public company. If the offer is successful he will place in the market sufficient shares to ensure that the listing is maintained.

The offer, which will not be increased, according to the document, is pitched at 30p. This is the price Mr. Thompson paid the Pyke family for its shares, although that deal did involve his taking on the responsibility for guaranteeing a £130,000 bank facility for the company.

Yesterday in the market the shares remained at 43p. So far there does not appear to have been any move from the other major shareholder, Cyril Hurvitz (UK) which holds 23 per cent of the shares.

ADWEST FRENCH PURCHASE

Adwest Group has acquired 80 per cent of the capital of Anciens Etablissements Bowden SA, a privately owned company in France. The price is equivalent to £298,000 which values the company at £373,000.

Bowden had net assets of £235,000 at end 1977 and turnover and pre-tax profits of £1.13m and £103,000, *respectively for the 12* months ended on that date.

Bowden has long standing associations with Adwest's wholly owned subsidiary, Bowden Controls in Llanelli. Both companies manufacture mechanical flexible linear controls.

PARKLAND TEXTILE

Parkland Textile (Holdings) has reported to the Stock Exchange that the number of "A" ordinary shares shown to be owned by a director, *Mr. J. A. J. Hanson, in* the 1977 accounts was overstated by 22,800. The Exchange released yesterday details of Mr. Hanson's dealings reaching back as long ago as January 1977.

Mr. Hanson said yesterday that he had no comment to make at the moment on why the dealings were being reported so late or why the figure in the 1977 accounts was incorrect.

The details of Mr. Hanson's dealings are as follows: on December 8, 1977, bought 2,500 ordinary shares at 73½p; on December 6, 1977, 5,000 at 75½p; and on February 21, 1978, 2,500 at 71p.

On January 20, 1977, he sold 5,000 "A" ordinary shares at 27p, on February 3 2,500 at 31p, on December 6 5,000 at 70p, on December 8 2,500 at 69p and on February 21, 1978, 2,500 at 65p. On June 7, 1978, he bought 5,500 "A" ordinary at 77½p.

J. A. DEVENISH

J. A. Devenish has received acceptances in respect of 99 per cent of the capital of Greenbank Hotel Company (Falmouth). The offer has become unconditional and remains open.

COWIE PURCHASE

T. Cowie has completed the purchase of Appleyard of Barnsley, from the Appleyard Group, for £170,000 cash. At December 31, 1977, the net book value of the assets acquired was £133,188. The name is being changed to Cowies *of Barnsley.*

Appleyard is an Austin/Morris distributor and a Jaguar/Daimler main dealer. It is many years since Cowie had links with any of the Leyland companies and it now looks forward to expanding and strengthening these renewed ties.

LAKE & ELLIOT DISPOSAL

Lake and Elliot has sold its subsidiary, Edmund Vaughan (Stampings). The deal involved EVS issuing £243,560 unsecured loan stock to L and E, thereby discharging its overdraft. L and E then sold the loan stock with the share capital of EVS for a total of £150,000 on the basis that the net assets of EVS at the end of July would not amount to less than £135,000. If they are less the price will be reduced accordingly. EVS has been trading at a loss over the last 12 months.

AMALGAMATED STORES

The freehold interest in Lyntonia House, Praed Street, W2, has been acquired by Amalgamated Stores for £138,549 cash.

It has also acquired a head leasehold interest in 147/153, Kings Road, Chelsea, SW3, for £180,000 cash, and contracted to sell its head leasehold interest in Hans House, Hans Street, SW1, for £325,000.

BASS CHARRINGTON

Hedges and Butler and Tennent Caledonian Breweries, both Bass Charrington subsidiaries, are to combine their wine and spirit selling organisations in Scotland.

They will operate under the name of J. G. Thompson, an old established wine and spirit company based in Scotland.

ASSOCIATES DEALS

On August 1, Hill Samuel bought for a discretionary investment client 9,000 T. Tilling at 132p.

Cazenove sold 150,000 Moorside Trust at 105p on behalf of an associate of Moorside.

J. Henry Schroder Wagg sold 17,500 Imperial Group at 82½p on behalf of associates, and purchased 25,000 at 83p also on behalf of associates.

MINING NEWS

Amax coal to provide $300m finance

BY KENNETH MARSTON, MINING EDITOR

AMERICA'S DIVERSIFIED natural resources group, Amax has arranged a $300m (£155m) financing with a group of 24 banks. The transaction is to take the form of a production payment to be repaid from coal mined at the company's Belle Ayr and Eagle Butte mines in Campbell County, Wyoming.

Amax will make a first drawing of $10m and will call upon the balance as needed during the next three years. The money is to be used for the company's domestic expansion programme which includes further development of the Eagle Butte mine.

The financing will bear interest at a floating rate and is expected to be discharged in 10 years. Citibank of New York, as agent bank, will lead the financing.

Last year coal sales of Amax rose 11.2 per cent to $287.9m and total coal production was 16.3 per cent up at 28.1m tons. But earnings were adversely affected by cold weather early in the year, wildcat strikes at the mid-western mines and a labour stoppage in December when the United Mine Workers' contract expired.

Production at the Belle Ayr surface mine last year rose by 8m tons to 13.3m tons. Eagle Butte, Amax's second low sulphur mine in Wyoming, was due to come on stream in mid-1978 and in the current half-year was expected to produce about 1.2m tons. Its full capacity working should produce approximately 20m tons a year.

U.S. CONSUMER'S URANIUM DEAL

America's Long Island Lighting has entered into an agreement with Bokum Resources of Santa Fe, New Mexico, under which it will provide about $50m (£26m) to be used by Bokum to complete a uranium mine and mill on the latter's Marquez Properties in New Mexico.

The agreement is subject to a number of conditions, including approval by the New York State Public Service Commission and in some respects by Bokum Resources' shareholders.

Under the terms of another agreement, Bokum will supply Long Island Lighting with 8m lbs of uranium concentrates in the period 1988 to 1989. This is in addition to existing agreements under which Bokum will deliver 7m lbs of uranium concentrates.

Robe River's stockpile deal

THE AUSTRALIAN Cliffs Robe River iron ore partnership will now be able to draw from its Japanese-financed stockpile of iron ore pellets to satisfy short-term needs of other buyers. As already announced, the Japanese steel mills have agreed to stockpile 1.82m tons of pellets at Cape Lambert this year.

They have made an advance payment of A$38m (£21.8m) for the material, the money to be held on behalf of the Cliffs Robe River partners and payments to be disbursed progressively as pellets are produced. Sales from the stockpile to other buyers will be allowed so long as the stockpile deficiency is made up on reasonable notice.

The deal should allow higher production at the venture's Cape Lambert pellet plant. This would help offset increased operational costs and the effect of the 5 per cent price reduction which Cliffs Robe River accepted in order to win the agreement. Partners in the venture are: Robe River Ltd., 35 per cent, Cleveland Cliffs 30 per cent, Mitsui 30 per cent and Cape Lambert Iron Associates 5 per cent.

THE ROSSING FOUNDATION

The Rio Tinto-Zinc group's Rossing Uranium mine in Namibia (South West Africa) is to set up a non-racial trust, Rossing Foundation, "as a direct contribution to the future wellbeing of the country." It will be funded by an annual grant from Rossing amounting to 2 per cent of all dividends distributed to shareholders after tax, or such greater amount as the company's directors may decide.

Rossing, which only started commercial production in January of this year and has yet to reach the dividend stage, is to make an immediate grant of R50,000 (£30,000). The foundation's broad aims will be to further the practical education of young people, increase understanding among races and create or encourage opportunities to use knowledge and skills.

The first director of the foundation is Mr. John Berning. He welcomes any ideas on proposals for projects which the foundation might plan or implement. These should be sent to him at: Rossing Foundation, P.O. Box 22391, Windhoek 9100.

TAVISTOCK HAS A GOOD YEAR

The South African Johannesburg Consolidated group's main coal subsidiary, Tavistock Collieries, has achieved a record pre-tax profit for the year to June 30 of R16m (£9.5m) compared with R14.3m in 1976-77, reports Richard Rolfe from Johannesburg.

After adjusting for Tavistock's small industrial interests, the profit per ton of coal has risen to R3.97 from R3.54 which is a creditable performance considering inflation and the static level of coal sales.

Tavistock has increased its dividend total for the past year to 200 cents from 150 cents and the market is looking for continued improvements. This should augur well for results of "Johnnies" to which Tavistock is an important contributor.

ALLIED SELLS THF STAKE

The City will never see the like again

BY KENNETH GOODING

The self-congratulatory statements issued from the Allied Breweries and Trust Houses Forte camps yesterday should not be allowed to obscure the fact that past relationships between the two have been bitter in the extreme.

And, although the bid from Allied was made only in 1971, it took place when the City was a far different place; when the concept of the giant merger still had some respectability and when the voluntary takeover code was in its infancy.

As a tale of Boardroom intrigue, personality clashes and the use of big money as a bludgeon, the Allied-THF saga has scarcely been equalled.

It was at 2.15 pm on October 18 1971 that three Allied directors Joe Thorley, then chairman of Allied and later to become Sir Joe, Keith Showering and Bernard Carfoot, walked into the High Holborn office of Lord Crowther, chairman of THF at the time, and said they had come to negotiate a merger.

It was an audacious move, given that the deal would have involved £127m in one form or another to pay for THF. But the timing was perfect because the THF Board was driven by an unholy row which had become embarrassingly public.

The Trust Houses hotels group had merged with the catering group Forte's Holdings only 18 months before. Although on the face of it the idea had some merits, there was little chance that Trust Houses, with its gentile "toasted teacakes" image, could ever mix satisfactorily with the brash beefburgers of Forte.

Sir Charles Forte, who arrived in Britain at the age of 4, set up his first milk bar in 1936, and who has helped to give popular catering in this country its reputation, was soon at loggerheads with Mr. Michael Pickard, the THF managing director. The clash polarised the Board into two camps—those for Forte and those for Pickard, who included his mentor, Lord Crowther.

The internal strife became public when Mr. Pickard was ousted as managing director at a late-night Board meeting after he had been criticised in a Department of Trade report not connected with THF.

The dispute dragged on and then Allied made its move. "An act of corporate hijacking" was the way one critic described it. But to Lord Crowther, who had previous contacts with Allied's Ind Coope subsidiary, it must have seemed like a sensible solution to THF's problems. However, he joined the rest of the THF Board for a while in rejecting the offer.

Even at that stage there were questions asked about Allied's ability to calm down the atmosphere within THF. Allied, itself a product of a series of mergers in the 1960s, had had more than its share of Boardroom upheavals. There were more to come. But it is fair to say that at the time of the bid the Allied Board was unanimous about it.

Sir Charles Forte was now fighting on two fronts: inside the THF Boardroom and against Allied. He began buying THF shares to cut Allied's chances of success and persuaded some friends to support him in this endeavour. Prominent among them were showbiz brothers Lew Grade and Bernard Delfont, now Lord Grade and Lord Delfont.

He won both battles. Early in 1972 Lord Crowther, his main Boardroom opponent, was voted out of the chairmanship to be replaced by another of Sir Charles' friends, Lord Thorneycroft. Lord Crowther died soon afterwards and undoubtedly the strain of the THF dispute had contributed to the breakdown in his health.

There are many observers who believe a merger between THF and Allied would have been potentially disastrous. In particular it would have made severe demands on Allied's management resources and the debt position of the combined group would have been unwholesome.

There is also the question of how would the two families—the Fortes and the Showerings (Allied's biggest shareholders) have settled down together? There can hardly be room in one organisation, however large, for two family dynasties.

And any clash between the two, both rich and powerful, would have been heard far and wide.

But for years Allied continued to hope that a merger would be possible. Although Sir Charles remained intractably opposed, the Allied view was that "chief executives fade away but corporations go on for ever."

Now the political climate has changed and many major mergers of the past have been discredited. The overlap of interests between Allied and THF have been growing, not lessening. So for the past couple of years the question has been not "whether" Allied would sell but "when."

Shaw outlook satisfactory

After a recovery from a £0.22m pre-tax loss to a £0.7m profit in the year to April 28, 1978, Mr. James Hartley, the chairman of **Shaw Carpets**, is confident the current year will be a rewarding one.

In his annual statement he says that despite the international economic stagnation and over-capacity for the production of carpets, he is confident the company has a promising future.

The main conditions to be fulfilled to ensure future prosperity are excellent product and styling; good UK and export distribution with effective marketing; modern production facilities operating efficiently; and low manning levels with flexible working.

He points out that the UK carpet industry is capable of producing 50 per cent more carpet than is actually sold, and that if UK consumers had spent the same proportion on carpets in 1977 as in 1974, industry sales would have been some 25 per cent higher.

Its £2.2m Millitron computer controlled dye injection machine is now working well and has reached the stage where the machine has begun to pay off. Mr. Hartley sees little doubt that a valuable return will be earned in the foreseeable future. The machine's 1976-77 start-up costs were £0.55m.

The group's sales subsidiaries in France and Germany have moved into profit and are expected to maintain this improvement.

There was a £1.24m cash improvement in the year and with no significant spending plans in hand, the directors intend substantially improving liquidity in the current financial year.

At balance date fixed assets were £4.9m (£5.72m) and net current assets £0.56m against liabilities of £0.59m previously.

Meeting, Ossett, near Wakefield, August 30 at noon.

BOARD MEETINGS

TODAY

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Adams and Gibbon, East Lancashire Paper, Hoover, Law Debenture Corp., River and Mercantile Trust, River Plate and General Investment Trust, TACE, Vantona, Thomas Witter.

Finals: James Austin Steel, Best and May, Peter Black, G.M. Firth Metals, John James, Allan Kennedy, Malaysia Rubber, Midland Trust, William Ransom.

FUTURE DATES

Interims—	
Clarke (T.)	Aug. 10
Corah	Aug. 17
Dreamland Electrical Appliances	Aug. 16
Ballam Sleigh and Cheston	Aug. 14
Johnson Group Cleaners	Aug. 23
Metal Closures	Sept. 4
Royal Dutch Petroleum	Aug. 17
Scottish United Investors	Aug. 4
Shell Transport and Trading	Aug. 17
Finals—	
Allen (W. G.) (Tipton)	Aug. 10
Assam Investments	Aug. 24
Associated Dairies	Aug. 23
Group Investors	Aug. 8
Hambro Trust	Aug. 7
Howard Shuttering	Aug. 7
Owen and Robinson	Aug. 7

Further growth seen by Warner Holidays

FOR THE current year the directors of Warner Holidays are looking towards a further improvement in profits, says Mr. E. H. S. Warner, the chairman, in his annual statement.

He reports that the total number of holidays sold this season should be in excess of last year's, when record pre-tax profits of £617,110 (£477,926) were turned in.

The Hotel Kontiki in Majorca is well booked, in line with the 1978 upsurge in foreign holidays, and following a promising start to a flight programme from Manchester to Palma this facility will be extended next season.

To be nearer the European market for incoming foreign tourists, a wholly-owned subsidiary has been formed in Switzerland which will undertake the service and repayment of the company's Eurocurrency loans.

A £422,000 medium-term loan has been negotiated with Barclays Bank to build additional and improved accommodation at several of the company's 14 UK centres. Mr. Warner says that with these and other completely modernised centres the directors are confident that the company will continue to be competitive with other forms of holiday.

A statement of source and application of funds shows a £260,768 increase (£393,128 decrease) in net funds.

Capital commitments contracted for but not provided for in the accounts amount to £331,000 (£57,000) and authorised but not contracted for to £45,000 (£17,000).

The AGM of the company will be held at the Waldorf Hotel, WC, on October 11 at noon.

Aerosols on target

Mr. Peter Dunkerley, managing director of Aerosols International, a subsidiary of Cadbury Schweppes, says the company is on target for another record year in turnover, following a 57 per cent increase in 1977 to £11.4m.

"We are set fair for our targeted sales for the year, and are determined to achieve our growth targets for 1978," he says.

The company's plan to double its capital expenditure in the current year, is being carried out, Mr. Dunkerley adds.

Some 22 per cent of total export sales of aerosols from the UK were made by the company in 1977, and the directors state that the developing countries of the Middle East and Africa, as well as Europe, continue to offer major growth opportunities. The company is geared to exploit this challenge.

English & New York ahead so far

First-half 1978 gross revenue of English and New York Trust Company rose from £1m to £1.18m. And after expenses, tax and preference dividends, earnings available came out at £596,090 against £528,516 last time, equivalent to 1.5p per 25p share compared with 1.35p.

The interim dividend is increased to 1.25p (1.05p) net absorbing £496,672. The directors hope to recommend a 1.75p final, compared with 1.55p paid in the 1977 year from earnings of £1.05m.

Results take account of the conversion of £366,717 of 4½ per cent convertible unsecured loan stock 1990-95 on July 1, 1978.

Valuation of investments, less net current liabilities, came to £43.18m (£40.34m) and £41.07m as at December 31, 1977. Prior charge capital took £2.86m (£3.22m) and £3.22m, leaving attributable to ordinary stock of £40.32m (£37.11m) and £37.85m. Net asset value per share is given as 101.5p (94.7p) and 96.6p and 101.1p (94p) and 95.9p adjusted for conversion of loan stock.

OIL AND GAS NEWS

Dutch make North Sea strike

A FURTHER increase in Dutch natural gas resources has been foreshadowed by Nederlandse Aardolie Maatschappij. A company announcement stated that drilling in the North Sea had revealed the presence of natural gas reserves.

The drillings are in Block L-15, north of Den Helder.

But the company added that further drilling would be necessary to determine the size of the reserves.

* * *

Drilling has resumed at the Delta D-2 well in the Gulf of Valencia, off the east coast of Spain, Canada Northwest Land stated. The company has an 11 per cent interest in the venture, for which the operator is the Spanish subsidiary of Standard Oil of California.

The wildcat well is 43 km south of the original Casablanca discovery. Drilling was suspended last March because of very high gas pressure which at that time could not be handled with safety. The plan now is to deepen the well by 245m to 3,675m.

* * *

Shell Francaise has been granted exclusive permission to prospect for hydrocarbons in an area of 1,386 sq km around Bourg-en-Bresse, according to an announcement in the official gazette published in Paris.

* * *

The first well on the Exmouth Plateau off the North West Shelf of Australia is being prepared to spud in. Woodside Petroleum has announced that a drillship has been moved to the Brigadier Location in 315 metres of water about 60 km north of the North Rankin field.

Exmouth Plateau, which covers 150,000 square miles, was last year cut into five blocks and offered for international tender. Groups led by Esso, Phillips, Hudbay and Woodside were the successful bidders.

* * *

In Melbourne, Esso Exploration and Broken Hill Proprietary announced that they will plug and abandon the second well of a series planned to test new structures west of the Halibut offshore field in the Bass Strait. This well, like the first, is dry.

SHARE STAKES

Laporte Industries (Holdings)—Kuwait Investment Office on July 21 sold 25,000 shares leaving interest at 2,675,000 (5.56 per cent).

Rotork—J. J. Fry, director, non-beneficial interest in 35,000 shares—previously 105,000. Beneficial interest remains at 1,285,180.

Whitbread—H. C. Whitbread, director, sold 24,000 "A" ordinary shares on July 26.

Marley—P. A. Alisher, director, has disposed of 54,091 shares non beneficial. I. J. Alisher, director, has disposed of 54,091 shares non beneficial.

Orme Developments—In accordance with the share incentive scheme, two directors—D. W. Sleath and R. J. Mitchell—acquired respectively 21,000 and 26,300 shares at [illegible].

Royal Worcester—Rothschild Investment Trust has acquired a further 110,000 ordinary shares and a further £10,000 9 per cent convertible unsecured loan stock 1990-95. It now holds 821,300 ordinary (approximately 13.6 per cent) and £182,590 (some 14.5 per cent) loan stock.

Whitbread—C. A. Sherman has acquired 180,340 "B" ordinary shares making holding 1,132,040 (10.2 per cent). Transaction relates to change of trustee.

Mills and Allen International—

Britannia Arrow Holdings has increased its holding to 727,447 shares (8.89 per cent) by the purchase of 75,000 shares between July 25 and 27.

Sound Diffusion: C. R. P. Stonor has sold 100,000 shares by a private placing.

Pilkington Brothers: Lord Pilkington's interests—beneficial and non-beneficial—have been reduced to 4,924,781 shares (7.91 per cent).

Whatlings: Interests of Scottish Northern Investment Trust is 400,000 shares (10 per cent)—previously 9.38 per cent.

Carlton Industries: L. Roydon, chairman, has sold 100,000 shares.

Western Board Mills: H. H. Vogel, chairman, has sold 200,000 shares from his beneficial holding.

W. H. Smith and Son (Holdings): Lord Hambleden, director, has reduced his holding of "B" ordinary shares by 400,000.

English Card Clothing: Britannic Assurance has bought 10,000 shares making holding 290,000 (5.07 per cent).

City Hotels Group: Mrs. M. E. Gutman has sold further 10,000 shares reducing holding to 250,000 (5.67 per cent).

Flexello Castors and Wheels: On July 25 N. Menko, director, sold 20,000 shares at 55½p. His interest is now 612,211 shares (18.5 per cent).

Young Companies Investment Trust—Scottish Amicable Life Assurance Society together with its subsidiary, Scottish Amicable Pensions Investments, now hold a total of 1,778,750 ordinary shares (27.36 per cent).

Pilkington Brothers—On July 14, D. F. Pilkington, director, ceased to have a non beneficial interest in 8,600 shares. Price 536p.

Sogomana Group—Longbourne Holdings has acquired further 5,000 shares making total 245,000 (7.8 per cent). Jokai Tea Holdings has acquired further 5,000 making 165,000 (5.29 per cent.).

Jermyn Investments—Acacia Investments (Guernsey) has bought further 6,000 shares making holding 11.05 per cent.

Lookers Group—On July 6 Mrs. Gillian Platts, wife of a director, sold 15,000 shares—not 20,000 as previously announced. On July 6, Mr. R. J. Platts, director, sold 5,000 shares and on July 13 sold 25,000 shares. Total shareholding of Mr. Platts and his wife and family interests now represent 9.63 per cent.

BRIDGEND PROCESSES—G. R. Aaronson, director, disposed of 150,000 shares.

C. E. HEATH AND CO. — J. J. Burton, director, sold 10,000 shares at 280p.

ALLIED LEATHER INDUSTRIES—Following directors have sold preference shares as follows: F. W. Watson 72,516, L. C. Hardy 26,553, R. P. Carey 4,125.

KEYSER ULLMANN HOLDINGS—C. M. Keyser sold 12,000 shares at 49½p.

Brooke Tool Engineering (Holdings)—Imperial Group now holds 500,000 shares (10.68 per cent) as a result of exercising convertible rights and taking up its share of the recent rights issue.

Central Manufacturing and Trading—Mr. N. N. Hickman, the chairman, has sold 388,669 ordinary shares.

Negretti and Zambra—Jorehaut Holdings between July 24 and 26 reduced its holding by 85,000 shares. Balance held by Jorehaut 78,500 shares (3.49 per cent).

Carlton Industries—L. Roydon, of Comben Group, sold 100,000 shares in Carlton parent of Comben, on July 28 at 210p.

58 companies wound up

Mr. Justice Oliver, in the High Court, has compulsorily wound up 58 companies. They were:

Nems Enterprises, Life Construction, Galapen, Snowcrest Construction, West Kensington Estate Agents, Mevrose, Bruce Launderettes, Ellay Property Investments, Lewis Davies (Penygroes), Mansfield Petroleum (Midlands), Mansfield Petroleum (SE).

Moonglow Investments, Mount Sion Properties, North West Mercantile Finance, Roselandia, Sentinel Mortgage and Loan, Sheraton Hotels, The Bristol Stone and Concrete Company, W. H. Lambert and Sons (London), SFC, Fare-Deal (Butchers), Advance Contractors (Liverpool).

E. J. Humphries Company, Garston Contractors (Joyce), Yalefern, Vinnies Cheese Company, Muriclose, Aquarius (Grocers), Thamesmead, Beckenham Electrical Contractors, Lewclark, Galt Marine Finance, Yatesbury Insurance, Finance and Mortgage Brokers, Frederick Phillips and Partners, Cherry Court Estates.

Fleetmain, Brush Aggregates, Aylesford Continuous Stationery, Charlwood International Aviation, Quit Finance, Somerset Bulldozing Company, Squareprop, Star Fabrications, Survey and Construction (Electrical), Trailerpull.

Northumberland Insurance Company, Jackdoll (Portable Buildings), Ashburnham Motors, Bristell Property Company, Continental Artistes Management, Pointheath, Redwing Trading Company, G. Yeo and Son, Simon and Leigh.

Comproperl, Glebelands Mortgage Company, E.N.T.S., Crofton Joinery, and Honey Brown Fashions.

An order for the compulsory winding of Island Factors, made on July 17, was rescinded, and the petition dismissed by consent.

Eva considering legal action over Stockfis shortfall

BY RHYS DAVID

EVA INDUSTRIES, the agricultural tool and engineering group, is expected to take legal proceedings over discrepancies uncovered in the accounts of R. Stockfis, which it acquired a year ago.

Mr. T. R. Astley, the chairman of Eva, told the annual meeting in Manchester that the company believed it was entitled to, and would obtain, some restitution. Stockfis turned in profits of only £49,000 for the seven months to March, compared with an estimate at the time of acquisition of around £350,000.

"The preparation of papers necessary to formulate our claim has proved a time-consuming task. We hope to institute proceedings within the next month or two against various parties in relation to this very complex matter," Mr. Astley said. He also promised that shareholders would be kept informed on material developments which should be brought to their attention.

Earlier the Board had been criticised by one shareholder, Mr. John Moon, over the acquisition of Stockfis and for failing to keep shareholders sufficiently informed of the problems that had been uncovered. His request for further information on the current profits performance of Stockfis, and for a three-monthly report from the directors on the steps being taken to sort out the problems was, however, rejected.

The discrepancies at Stockfis, which was 60 per cent owned by the Central and Sheerwood group, are thought to involve its subsidiary, Brownhills Sheet Metal and Engineering, which in 1976 accounted for more than half the Stockfis pre-tax profit of £372,000.

The deficiencies in stock and other items which have now been discovered are thought to have totalled £320,000. Two directors have left the company since the take-over, Mr. William May, the chairman, who departed in May this year after a period of suspension, and Mr. Michael Cooke, the former finance director who resigned last December.

First half advance by Yeoman

For the first half of 1978 Yeoman Investment Trust reports gross income ahead from £422,578 to £469,289. After all charges including tax of £128,000 compared with £112,000, net revenue rose from £198,722 to £227,607.

Earnings per 25p share are shown to have risen from 3.33p to 3.75p and to reduce disparity with the final the interim dividend is stepped up from 2.64p to 3p net. Last year's total payment was 7.59p.

Oil and Associated

Shareholders in Oil and Associated Investment Trust, which specialises in the oil industry, should be able to view the future with reasonable optimism, Mr. A. S. W. Joseph, chairman, says in his annual statement.

He points out that the trust participates in about 25 North Sea oil and gas enterprises, and has a "satisfactory stake in this successful venture" with production from the UK's own fields meeting about 60 per cent of the country's oil needs.

Mr. Joseph says that despite a renewed pledge from President Carter to cut oil imports the effect on major international companies will not be very serious. And he stresses the value of oil shares as a hedge against inflation.

As announced on July 10 net revenue before tax for the year to March 31, 1978, increased from £254,615 to £322,253. The total net dividend for the year is lifted from 1.95p to 2.0955p a share.

Additional funds invested during the year amounted to £410,000, bringing the total on March 31 up to £4,583,000.

Knott Mill in better position

Mr. P. R. Scott, the chairman of Knott Mill Holdings, carpet retailer, tells members in his annual statement that trading conditions in the current year to date show no marked improvement over last year.

As known the group reported a turnround from a profit of £10,651 to a loss of £182,006 for the February 27, 1978 year, and is, again, not paying a dividend.

The chairman adds, however, that the restructuring of its retail stores has, he feels, placed the group in a much better position to reap the benefit of any upturn in trading conditions. And the group's active pursuit of this policy leads him to be cautiously optimistic of prospects for the 1978-79 year.

IC Gas cautious on long term

The recent levels of profit growth shown by Antwerpse Gasmattschappij were unlikely to be maintained indefinitely, the chairman of Imperial Continental Gas Association, Mr. F. E. Zollinger, warned shareholders yesterday of the annual meeting.

Immediate prospects of Antwerpse were encouraging but in the long term utility companies could not grow faster than the economies of the countries in which they operated. In addition there were obvious limits to the growth of the central heating market in Belgium.

UNERG, the Belgian electricity subsidiary, had been affected by the subdued level of industrial activity in the country. Electricity sales had risen by only 4 per cent compared with 11 per cent for gas, and the extent of UNERG's involvement in future plans for nuclear power stations was not yet quantifiable.

Mr. Zollinger also explained that the 16.5 per cent decline in net profits from Petrofina revealed the weak state of the world petrochemical markets. The figures were also affected, however, by exchange rate fluctuations which cost the group BFr 1bn, and by delays and the accident in the Ekofisk field.

For 1978 Petrofina had a total capital budget of BFr 17bn (14bn in 1977), of which 10bn would be allocated to exploration and production.

Turning to the UK subsidiaries, Mr. Zollinger said that Calor Gas had lived up to expectations. Century Power and Light, however, could not be expected to maintain the progression recently achieved. Output from the Hewett gas field had reached its peak and the cost of putting the Maureen field into production would weigh on Century's profitability. (Century's share of development costs here would be £30m over three years).

As already known, IC Gas made pre-tax profits of £26.3m last year. At the post-tax level UNERG accounted for 22.6 per cent (compared with 22.2 per cent in 1976-1977), Antwerpse 15.9 per cent (14.1 per cent), Petrofina 10.2 per cent (12.3 per cent), and Calor Group 35.5 per cent (33.8 per cent).

Following the recently declared Government policy regarding dividend restraint, the company is unable to proceed with the declaration of a final dividend, and must restrict itself to the two interim dividends totalling 9.806p.

Peak £1.5m at City of London Bwy.

With gross revenue down from £2.29m to £2.25m, net revenue of City of London Brewery and Investment Trust ended the June 30 1978 year up from £1.36m to a record £1.58m.

The result is after all expenses and tax of £0.86m (£0.81m), which includes foreign withholding tax of £22,431 (£21,349). Earnings per share are shown at 2.899p (2.542p).

The fourth interim per 25p deferred share is up from 0.825p to 0.96p for a total of 2.76p (2.4p). Directors say three quarterly dividends in the current year will be lifted from 0.6p to 0.69p.

Net asset value per deferred share after deducting prior charges at redemption values is shown at 76.6p (67.2p).

Cocksedge has mixed start

In recent months, there has been a reduction in the volume of contracts received for plant and machinery at Cocksedge (Holdings), although there has been a very good order intake for constructional steelwork, Mr. B. Smith, the chairman tells shareholders.

Benefit should now be obtained from the extra facilities available at the works, says Mr. Smith.

For the year ended March 31, 1978, profits before tax amounted to £603,886 compared with £400,667 previously. A CCA statement shows profit reduced to £530,000 after cost of sales, £102,000 and £28,000 gearing adjustment.

The dividend is 3.8836p (3.3962p). The amount of profit retained is substantial, says the chairman. This will greatly assist the financing of projects and provide extra working capital. Trading conditions remain difficult but the directors are looking forward to another satisfactory year.

A revaluation of land, building, plant and machinery in April resulted in £1.5m for freehold and leasehold land and buildings and £578,057 for plant and machinery. The additional value of £366,149 on land and buildings and £157,352 on plant and machinery will be incorporated in next year's accounts.

Meeting, Ipswich, August 24 at noon.

Deutsche Bank offshoot for Singapore

SINGAPORE, July 28.

DEUTSCHE BANK is to open a wholly-owned merchant bank in Singapore with a paid-up capital of S$25m (US$1.1m).

Mr. Wolfgang Mathey, the managing director of the Singapore subsidiary, said that the new bank, Deutsche Bank (Asia Credit) would commence operation on September 1.

The new bank, which has an authorised capital of S$50m, will include Asian dollar market business in its operations.

● Commerzbank is to open a branch in Hong Kong

Agencies

WINTRUST AMENDS FINAL

Wintrust announces an amended final dividend for the year to March 31, 1978, of 2.0261p making 4.591p (same). Dividend waiver totals £64,776 (£38,890).

INTERNATIONAL FINANCIAL AND COMPANY NEWS

NORTH AMERICAN NEWS

Ashland bid for Tosco shares blocked

By David Lascelles

NEW YORK, August 2.

ASHLAND OIL, the large Kentucky company, was restrained by a California court last night from purchasing any more shares of Tosco, the Los Angeles-based oil refiner which it is seeking to control.

The order was made after Tosco told the courts that the purchase could contravene a 1975 anti-trust order forbidding Tosco to sell its Avon refinery to any of 40 large oil companies, *including Ashland.* A spokesman for Ashland said today that the company would abide by the order, which extends to August 29.

Ashland's bid for Tosco took the form of a proposal to buy 49 *per cent of its shares,* either by open market or direct purchases. Tosco has yet to make any formal comment on the move.

Ashland stated yesterday that on July 28 it held 464,000 Tosco shares, which it had owned for seven years.

Hudson's Bay makes a surprise offer for Zellers

BY OUR OWN CORRESPONDENT

MONTREAL, August 21.

HUDSON'S BAY Co. surprised the Canadian business world today by making a bid worth about C$132m, for Zeller's, a department and variety store chain. Although rumours linking the two companies have been circulating for several months, it had been thought that Zellers would have been the company taking over the Bay—as Hudson's Bay is familiarly known.

Zeller's chairman, Mr. Joseph Segal, "viewed the proposal with favour." The Bay is offering one share and C$16.50 cash for each four shares of Zellers.

If successful, as seems likely, the take-over will hoist The Bay to second position among Canada's non-food retailers in terms of sales, behind Simpson-Sears, and to No. 1 in terms of assets and net profit.

Combined sales of The Bay and Zellers will be about C$1.8bn. At 1977 year-end, The Bay reported sales of C$1.427bn up from C$1.346bn in 1976, with earnings of C$29.88m against C$34.18m. It has just over C$1bn in assets.

Zellers reported sales of C$586m in 1977 against C$407m a year earlier, while net profit more than doubled—C$11.6m from C$5.83m. It has C$220.5m in assets.

Zellers earnings performance was greatly influenced by its take-over of The Field's enterprise in Western Canada, with 68 stores, which had been part of W. H. Grant, the U.S. retailing giant which went bankrupt in 1976. But Zellers is an aggressive company itself, with 156 outlets at the end of 1977 and plans for several more this year.

While the take-over is judged as good for The Bay, which will add the acquired stores to its 300-odd locations, analysts are sceptical about the value of the deal for Zellers shareholders. The bid is worth some 10 per cent more than the market price, but with its growth, Zellers could have expected a much better market price within a couple of years.

The experts predicted a temporary easing in the value of Hudson's Bay shares now. Their value had risen from C$19 to C$24 in recent months on speculation of a take-over by Zellers, despite its lack of resources for such a gigantic task. But if recent performance continues, this should be reflected in a higher price later. Earlier this year it was predicted that results of the Bay itself should improve over those of 1977.

The take-over, if successful, will broaden the scope of The Bay's coverage of Canadian retailing. Its own stores aim for *the middle class segments of the* market, while Zellers and Fields aim for the more economy minded shopper. There is no likelihood of the acquired stores taking The Bay name because of the difference in their merchandising approach.

Sales and profits peaks for Coca-Cola

NEW YORK, August 2.

COCA-COLA announced net *earnings for the second* quarter of 89 cents a share, against 79 cents last time. Total net earnings of $109.7m increased from $97.1m last year and sales of $1.16bn from $960m.

Earnings for the half year jumped to $184.9m or $1.50 from $163.9m or $1.33. Sales were pushed ahead to $2.07bn from $1.76bn.

Mr. J. Paul Austin, the chairman, said that second quarter and first half results were records

Full year 1977 and first quarter 1978 results were restated to include the operations of Presto Products, which was merged into the company in May 1978 on a pooling of interest basis.

AP-DJ

Household Finance

Higher second quarter earnings of $46.9m or 99 cents a share, are announced by Household Finance Corporation, compared with $38.6m or 82 cents for the corresponding quarter last year. AP-DJ reports. The latest quarter's figure includes an unrealised foreign exchange of $2.2m against a loss of $1.2m previously. Net earnings for the half-year were $75.3m or $1.57 against $60.4m or $1.26 previously.

Price fixing probe

The Justice Department has been conducting a preliminary investigation into possible price fixing by New York foreign exchange brokers, Reuter reports from Washington. The preliminary investigation is cursory and aims at deciding whether a more searching inquiry is called for. In New York, Mr. Philip J. D'Angelo, Foreign Exchange Brokers Association president, said he knew of no investigation.

Doubled earnings at financial group boost Greyhound

BY OUR FINANCIAL STAFF

NEW YORK, August 2.

GREYHOUND CORPORATION has announced net earnings for the second quarter of 45 cents a share against 36 cents previously. Total net of $19.7m compares with $15.7m last time and sales of $1.1bn with $941m.

First half share earnings of 62 cents show an increase from 56 cents in the previous first half.

Total net of $27.0m compares with $24.6m and sales of $2.1bn with $1.8bn.

The 1977 figures have been restated to allow for the consolidation of Greyhound Lines of Canada, of minor foreign subsidiaries previously unconsolidated and for the deconsolidation of certain companies included in the financial group. The changes had no effect on net income.

In addition, retroactive application requirements of FASB No. 13 reduced previously reported net income for the 1977 periods by $147,000 and $295,000 *respectively, equal to 1 cent per* share in each period.

Mr. Gerald H. Trautman, the chairman of the Board and chief executive, said that the increase in second quarter results occurred primarily from substantial gains reported by the financial group, which nearly doubled earnings from the comparable period.

Second quarter results for the group include the earnings of Verex Corporation acquired in April. However, even eliminating Verex results for comparison purposes, group profits were up by 58 per cent, partly as a result of the sale by Greyhound Leasing Financial Corporation of equipment upon expiration of their leases.

All Greyhound's other product groups were profitable in the quarter, said Mr. Trautman, and most surpassed their performance in the previous year.

Agencies

Stores group agrees bid

BY JOHN WYLES

SIR JAMES GOLDSMITH'S U.S. supermarket subsidiary Grand Union looked well set to acquire late yesterday when in a surprise late today when in a surprise move the directors of the Southern grocery chain recommended acceptance of a substantially increased tender offer.

Colonial has been assembling a traditional legal defence since Grand Union first announced its intention of making a tender offer at $30 a share on June 29. Early today, it received a setback when a Virginia state body refused to hear a complaint against Grand Union's bid, and several hours later this was followed by a joint announcement from Grand Union's New Jersey headquarters that Colonial directors would support acceptance of a $35 a share offer. This raises the value of the offer from $114m to around $133m.

A successful merger would create the eighth largest supermarket chain in the U.S., and would be Grand Union's first expansion since it was acquired in 1973 by the Cavenham subsidiary of Generale Occidentale.

Grand Union has in fact been prevented from making any acquisition for the past several years by a Federal Trade Commission decree which expired in the middle of last month.

The Commission's attitude to the takeover is now probably the greatest uncertainty hanging over the proposal, which will no doubt be closely scrutinised for its anti-competitive implications.

EUROBONDS

Floating rate notes for BNP

By Francis Ghilès

THE BOND markets were quiet again yesterday, both the dollar and DM sectors. In the dollar sector FRNs were slightly off while straights were unchanged, except for some longer issues which hardened a shade. Terms of the $25m convertible for Texas International Airlines to be arranged by Smith Barney Harris Upham should be known later today.

One current issue which is of considerable interest to international banks is a $50m private placement of five-year floating rate notes for Banque Nationale de Paris in the U.S. market. This is probably the first time that a non-U.S. bank has done a primary placement of FRNs in the U.S.

Since the beginning of 1978 American investors have become more accustomed to floating rate note investment through the *growth* of a floating rate Certificate of Deposit market in New York.

By going the private placement route BNP has avoided the problem of disclosure and red tape involved in the registration with the Securities and Exchange Commission, which is needed before a public issue can be made in the U.S. A triple A rating has been obtained from Moody's.

The terms of this issue are the same as those BNP offers in Europe—a margin of a quarter of a point above the average of the bid and offered rate for Eurodollars with no minimum coupon. The issue price is likely to be set at 99¼ and given that the fees are smaller than would be the case in Europe, BNP is getting its money for an almost identical cost.

Denominations are of $250,000. Salomon Brothers are handling the transaction.

The steadier tone in the DM sector has been confirmed by the fact that the Bundesbank has only had to buy between DM2-5m worth of bonds on the domestic market every day this week, compared with a total of DM1.8bn in the two weeks up to last Friday.

● NEWS ANALYSIS—XEROX AND IBM

Lowering the patents barricades

BY MAX WILKINSON

THE AGREEMENT between Xerox and International Business *Machines to bury their legal* hatchets marks a further lowering of the barricades of patent agreements in the office equipment business.

The effectiveness of these patents, which helped to maintain *Xerox in a supreme position in* the copier market for more than a decade, has been greatly eroded in recent years.

This erosion has resulted partly from the fact that many competitors are now taking the risk of simply ignoring patents. They reason, often correctly, that they have a reasonable chance of not being caught or alternatively that the benefits obtained could be greater than penalties inflicted by the cumbersome processes of the law.

The pirating of patents is sometimes made easier by the enormous complexity of the patents files, which make it difficult even for the companies holding a patent to keep track of the developments of all possible competitors.

Xerox, for example, has filed well over 1,000 patents covering its developments in the plain paper copying field.

The British Monopolies Com*mission reported in December*, 1976, that it had asked Rank Xerox to classify the live patents which it still held.

However, the Commission said: "The classification was not readily available and would have *taken some time to complete.*"

The question which therefore arises, particularly in the minds *of rivals, is whether these patents* constitute an unfair barrier to commercial competition. For if the company itself has difficulty in sorting out the immensely detailed tangle of patents, how could a new entrant to the field, *particularly a smaller company,* possibly make any sense of them?

This line of argument was pursued energetically by the U.S Federal Trade Commission (FTC) in January 1973.

It issued a complaint *against* Xerox, alleging a number of unfair "acts practices and methods of competition," which it said aimed to establish and preserve a monopoly position in the market.

After a vigorous dispute, Xerox agreed to a Consent Order drafted in October 1974 under which the company would licence all patents relating to copiers for a royalty of not more than half a per cent of revenues from each royalty-bearing product.

Moreover, under the Consent Order, a licensee could select three patents which it could use free of royalty.

The FTC, therefore, made a substantial breach in the protec*tion which had hitherto been* afforded by the patents; and although it did not in any sense legitimise the activities of pirates, it undoubtedly gave aid and comfort to some companies which had been sailing close to *the wind.*

The weakening of the patent armoury came at a time when *Xerox was coming under* sustained pressure from competitors, notably from the Japanese, including Ricoh, Canon and Konishiroku, and in the U.S. from International Business Machines (IBM).

Two factors made IBM the most dangerous competitor. The most obvious was its huge size and the commanding position it already enjoyed in other sectors of the office equipment market.

But perhaps equally important, IBM elected to come into the copier business with a series of high performance, large volume machines, which attacked the most lucrative part of Xerox's business.

The Japanese, by contrast, entered the market with cheaper, slower machines, competing with the Xerox products which generated lower revenues. IBM's highly successful Copier II is estimated to have displaced some 20,000 Xerox machines in the U.S. and has contributed seriously to Xerox's progressive loss of market share.

It was inevitable, therefore, that Xerox would retaliate vigorously with every weapon at its disposal; and a series of suits for infringement of patent rights was one *result*. Competition between the two giants also resulted in a fierce price war.

To compensate for its increased vulnerability in the copier market, Xerox made a large research commitment to word-processing, *which is dominated by IBM with* nearly an 80 per cent share of the U.S. market. After the *development of a rather un*successful system which was incompatible with IBM's, Xerox revised its plans, and developed a system more interchangeable with that of IBM.

This was clearly a sensible move, *since it could not hope to* win customers from IBM unless their electronic files could be shifted from one system to the other with relative ease.

IBM failed patent infringement *suits against Xerox relating to* its word processor. So a sort of stalemate was reached, even though Xerox has probably only about 6 per cent of the word processing market in the U.S.

Now, both companies have *decided that the expense and* management effort needed to pursue litigation is not worth the possible benefits. IBM paid Xerox an out of court settlement of $25m, and, to prevent future wrangling, the companies have agreed to a free exchange of patents.

Both companies have other important cases outstanding, IBM with the FTC and Xerox with SCM which has filed a $1.6bn anti-trust suit against it.

These other legal battles, together with the growing outside competition in both copiers and word processing, are doubtless the main factors which have persuaded the two giants to stop fighting each other and to turn their fire on other enemies.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

	Bid	Offer
STRAIGHTS		
Alcan Australia 8¾pc 1989	97¼	98¼
AMEV 8pc 1987	95	95½
Australia 8½pc 1992	93	93¾
Australian M. & S. 9½pc '92	98¾	99
Barclays Bank 8¾pc 1992	95	95½
Bowater 9½pc 1992	97¼	98
Can. N. Railway 8¾pc 1986	95	95½
Credit National 8¾pc 1986	95½	96
Denmark 8¾pc 1984	98¼	99
ECS 9pc 1993	99½	100
ECS 8¾pc 1997	93½	94¼
EIB 8¾pc 1992	96½	97¼
EMI 9½pc 1989	98¼	99
Ericsson 8¾pc 1989	97¼	98
Esso 8pc 1986 Nov.	99½	100
Gt. Lakes Paper 8¾pc 1984	97¾	98¼
Hamersley 9½pc 1992	100¾	101¼
Hydro Quebec 9pc 1992	98	98½
ICI 8¾pc 1987	95¾	96¼
ISE Canada 9½pc 1986	103½	104
Macmillan Bloedel 9pc 1992	96½	97
Massey Ferguson 9½pc '91	98¾	99½
Michelin 9½pc 1988	100½	101¼
Midland Int. Fin. 8¾pc '92	95½	96¼
National Coal Bd. 8pc 1987	93½	94
National Wstmnstr. 9pc '86	100¾	101¼
Natl. Wstmnstr. 9pc '86 'B'	101	101½
Newfoundland 9pc 1989	99½	100½
Nordic Inv. Bank 8¾pc 1988	96¾	97½
Norges Kom. Bk. 8¾pc 1992	95½	96
Norpipe 8¾pc 1989	95½	96½
Norsk Hydro 8¾pc 1992	94¾	95½
Oslo 9pc 1988	100	100½
Ports Autonomes 9pc 1991	97½	98
Prov. Quebec 9pc 1995	95½	96
Prov. Saskatchwn. 8¾pc '86	97½	98
Reed International 9pc 1987	92	94
RHM 9pc 1992	95	95½
Selection Trust 8¾pc 1989	90½	91½
Shell Intl. Fin. 8¾pc 1990	95½	96
Skand. Enskilda 9pc 1991	98	98½
SKF 8pc 1987	91	91½
Sweden (K'dom) 8¾pc 1987	94¾	95½
United Biscuits 9pc 1989	98	98½
Volvo 8pc 1987 March	93½	94
NOTES		
Australia 7¾pc 1984	93½	94½
Bell Canada 7¾pc 1987	96½	97½
Br. Columbia Hyd. 7¾pc '85	93½	94½
Can. Pac. 8¾pc 1984	98	98½
Dow Chemical 8pc 1988	97½	98
ECS 7¾pc 1982	94½	95½
ECS 8¾pc 1989	94	94½
EEC 7¾pc 1982	95¾	96½
EEC 7¾pc 1984	94½	95½
Enso Gutzeit 8¾pc 1984	96	96½
Gotaverken 7¾pc 1982	94¾	95½
Kockums 8pc 1983	96½	97
Michelin 8¾pc 1983	98¾	99½
Montreal Urban 8¾pc 1981	99½	100
New Brunswick 8pc 1984	97	97½
New Bruns. Prov. 8¾pc '83	99	99½
New Zealand 8¾pc 1986	95½	96
Nordic Inv. Bk. 7¾pc 1984	93½	94½
Norsk Hydro 7¾pc 1982	95½	96½
Norway 7¾pc 1982	93½	94½
Ontario Hydro 8pc 1987	93½	94½
Singer 8¾pc 1982	99½	100
S. of Scot. Elec. 8¾pc 1981	98	98½
Sweden (K'dom) 7¾pc 1982	94¾	95½
Swedish State Co. 7¾pc '82	95	95½
Telmex 9½pc 1984	99	99½
Tenneco 7¾pc 1987 May	91½	92½
Volkswagen 7¾pc 1987	94¾	95½
STERLING BONDS		
Allied Breweries 10½pc '90	89½	90½
Citicorp 10pc 1993	92½	93½
Courtaulds 9¾pc 1989	90	91
ECS 9¾pc 1989	94½	95½
EIB 9¾pc 1988	96¾	97¾
EIB 9¾pc 1992	93½	94½
Finance for Ind. 9¾pc 1987	91½	92½
Finance for Ind. 10pc 1989	94	95
Fisons 10½pc 1987	97¾	98¾
Gestetner 11pc 1988	92	93
INA 10pc 1988	92½	93½
Rowntree 10¾pc 1988	90	91
Sears 10½pc 1988	92	93
Total Oil 9¾pc 1984	90	91
DM BONDS		
Asian Dev. Bank 5¾pc 1988	93	94
BNDE 6¾pc 1986	95¾	96½
Canada 4¾pc 1983	97	98
Den Norske Ind. Bk. 6pc '90	97½	98½
Deutsche Bank 4¾pc 1983	96½	97½
ECS 5¾pc 1990	90¾	91¾
EIB 5¾pc 1990	91½	92½
Elf Aquitaine 5¾pc 1988	93	94
Euratom 5¾pc 1987	96½	97½
Finland 5¾pc 1986	93¾	94¾
Forsmarks 5¾pc 1990	94	95
Mexico 6pc 1985	94¾	95¾
Norcem 5¾pc 1989	98	99
Norway 4¾pc 1983	96½	97½
Norway 4¾pc 1983	94½	95½
PK Banken 5¾pc 1988	94	95
Prov. Quebec 6pc 1990	96	97
Rautaruukki 5¾pc 1988	93	94
Spain 6pc 1988	94¾	95¾
Trondheim 5¾pc 1988	94½	95½
TVO Power Co. 6pc 1988	95½	96½
Venezuela 6pc 1988	94	95
World Bank 5¾pc 1990	94¾	95¾
FLOATING RATE NOTES		
Bank of Tokyo 1984 8¾pc	99	99½
BFCE 1984 8¾pc	98½	99½
BNP 1983 8$\frac{11}{16}$pc	99¾	100¾
BQE Worms 1985 9pc	97½	98½
CCF 1985 8¾pc	98¼	98¾
Chase Manhtn. '93 9$\frac{5}{16}$pc	98½	99¾
Creditanstalt 1984 8¾pc	98¾	99½
DG Bank 1982 9pc	99½	100
GZB 1981 8$\frac{11}{16}$pc	99¾	100¼
Intl. Westminster 1984 8pc	98½	99½
Lloyds 1983 8$\frac{15}{16}$pc	98¾	99¾
LTCB 1983 8pc	99½	99¾
Midland Int. FS '87 8$\frac{9}{16}$pc	98½	99
Midland Int. FS '93 9$\frac{7}{16}$pc	98¾	99½
Nat. Wstmnstr. '90 9$\frac{5}{16}$pc	98¾	99½
OKB 1983 9¾pc	99½	100
SNCF 1985 9$\frac{5}{16}$pc	99	99½
Stand. and Chtrd. '84 8¾pc	98½	99½
Source: White Weld Securities.		
CONVERTIBLES		
American Express 4¼pc '87	81¾	83
Ashland 5pc 1988	101	102
Babcock & Wilcox 6¾pc '97	114½	115½
Beatrice Foods 4¾pc 1992	98	99½
Beatrice Foods 4¾pc 1992	109½	111
Beecham 6¾pc 1992	108	109
Borden 5pc 1992	98	99½
Broadway Hale 4¾pc 1987	75½	77
Carnation 4pc 1987	78½	80
Chevron 5pc 1988	131½	133
Dart 4¾pc 1987	81½	83
Eastman Kodak 4¾pc 1988	84	86
Economic Labs. 4¾pc 1987	77½	79
Firestone 5pc 1988	79	80½
Ford 5pc 1988	85½	87
General Electric 4¾pc 1987	82	83
Gillette 4¾pc 1987	78½	79
Gould 5pc 1987	118	119½
Gulf and Western 5pc 1988	86	87½
Harris 5pc 1993	201	203
Honeywell 6pc 1986	87	88½
ICI 6¾pc 1992	91½	93½
INA 6pc 1997	97½	99
Inchcape 6¾pc 1992	107½	109
ITT 4¾pc 1987	79	80½
Jusco 6pc 1992	124	125
Komatsu 7¾pc 1990	141½	142½
J. Ray McDermott 4¾pc '87	144	146
Matsushita 6¾pc 1990	194½	196
Mitsui 7¾pc 1990	142½	143½
J. P. Morgan 4¾pc 1987	99½	101
Nabisco 5¾pc 1988	102½	104
Owens Illinois 4¾pc 1987	124	125½
J. C. Penney 4¾pc 1987	75½	77
Revlon 4¾pc 1987	128½	130
Reynolds Metals 5pc 1988	86½	88
Sandvik 6¾pc 1988	114	116
Sperry Rand 4¾pc 1987	95½	97
Squibb 4¾pc 1987	84½	86
Texaco 4¾pc 1988	77½	79
Toshiba 6¾pc 1992	138½	139½
Ty Co. 5pc 1984	77	78½
Ty Co. 8¾pc 1988	102	103
Union Carbide 4¾pc 1982	91½	93
Warner Lambert 4¾pc 1987	81	82½
Warner Lambert 4¾pc 1988	77½	79
Xerox 5pc 1988	77	78½
Source: Kidder, Peabody Securities.		

هكذا من الأصل

Slow first half dims AEG payout hopes

BY GUY HAWTIN

FRANKFURT, August 2.

AEG-TELEFUNKEN, the West German electrical concern which is still recovering from its heavy losses of the early 1970s, turned in a disappointing first-half performance, thus making it likely that 1978 will be the fifth straight year with no dividend.

The company blamed the stagnation in the first six months on continued slackness in many of its product areas, as well as general economic trends and the problems arising from foreign exchange fluctuations.

It forecast in its interim report that profits were unlikely to show any improvement on last year and would probably even be worse. AEG managed a small operating surplus in 1977 of DM8m.

Shareholders were given some early warning of the bleak dividend outlook when Dr. Walter Cipa, the chief executive, told them in May that 1978 was hardly likely to be "bubbling over with success."

Today, AEG said its foreign turnover in the first half rose by a mere 3 per cent, while the domestic figure eased by 2 per cent. The foreign sales thrust came mainly from the subsidiaries abroad, where orders moved up by 7 per cent. Actual exports by the parent company increased only 1 per cent, the smallest rise since 1971 and a consequence, said AEG, of the "overvalued" Deutsche Mark.

The group's order inflow showed virtually no change at DM 6.3bn, although this total masked an 8 per cent improvement at home contrasting with a 9 per cent drop abroad.

Also dragging down performance in the first half were the special cash allocations for the streamlining of the consumer goods and office equipment branches.

AEG is operating against a background of generally dampened growth expectations for the whole of the electrical industry, and the management expects the order inflow for the full year to be no more than DM14.5bn to DM15bn ($7.11bn to $35bn), indicating stagnating turnover at home and a slight fall abroad.

Overall sales volume is expected to total around DM14bn compared with DM14.3bn in 1977. Accordingly, no improvement is foreseen in the group's employment position. A small cut in the domestic labour force is likely, while short-time working could well increase in the second half.

The report stated that capacity was not fully utilised in the first half of 1978, particularly in the mass production sector, but also in consumer goods. Earnings were also hit by the fact that personnel costs rose faster than productivity.

In the energy and industrial technology sector, there was a "pleasing increase" in domestic bookings, despite the generally restricted investment levels of both industry and the power utilities. In contrast, oferseas orders for large industrial plant declined.

The order book for industrial plant at the end of June stood at about the same level as the end of 1977, representing rather more than a year's sales. More than half of the bookings came from the home market.

● Muenchener Rueckversicherungs-Gesellschaft, the large Munich-based reinsurance concern, confirmed its intention of paying an unchanged 18 per cent dividend for 1977-78, describing earnings for the year ended June 30 as sufficient.

Premium income rose at around the same level as the previous year, gaining just over 10 per cent to DM3.7bn ($2.8bn).

Consortium formed to rescue SIR

By Paul Betts

ROME, August 2.

A CONSORTIUM of leading Italian banks and special credit institutes was finally formed here today to rescue Societa Italiana Resine (SIR), one of the country's major chemical groups on the verge of bankruptcy.

The consortium includes the largest state medium-term credit institute, IMI, which is heavily exposed in SIR. The chemical group's accumulated debts are understood to total over L1,000bn, or more than $1.1bn.

The rescue plan comes only 24 hours after a government bill to aid financially troubled companies. The bill approved by the Cabinet last night suspends liquidation proceedings for companies with more than L50bn of accumulated debts which are threatened with bankruptcy.

The bill also enables the Government to appoint special commissioners to take interim control of a company if no alternative rescue plans are proposed.

The banking consortium formed here today will supervise temporarily the management of SIR and formulate a financial recovery for the group.

SIR has large investments in Sardinia and recently announced it was no longer able to pay the July salaries. The group directly employs more than 8,000 people but the collapse of the company would clearly effect a much larger number, especially on Sardinia.

FRENCH PHARMACEUTICALS

New drug attracts investor interest

BY DAVID CURRY IN PARIS

A SMALL French pharmaceutical concern called Parcor, a subsidiary of the Elf-Aquitaine oil group, is attracting considerable investor interest. As a result the shares have risen from around FFr 220 to over FFr 900 this year.

The object of all this stock market excitement is a new drug called Ticlid, which will go on the market next year and is aimed at the cardio-vascular UK and Commonwealth is to be UK and commonwealth is to be handled by ICI, which will also participate in research, while in Japan Daichii has signed a similar agreement.

Parcor is owned around 59 per cent by Sanofi, itself a wholly-owned subsidiary of Elf-Aquitaine. In Europe outside France, and in the U.S., the Sanofi sister company Labaz will handle marketing.

The growth of Parcor is due to an aggressive acquisition policy geared to buying small laboratories, whose expertise in research has not been matched by financial or commercial knowhow. Parcor counts on a rapid recovery of its investment. It came within the Elf-Aquitaine orbit by agreement in 1974.

Sales last year totalled FFr 417m, making it the ninth in the league of French pharmaceutical concerns, with some 2 per cent of the national market. Its overseas sales are relatively small. More than 60 per cent of sales come from the ethical products sector with fine chemicals, over-the-counter remedies, and para-pharmaceutical goods, like baby products, making up the rest.

Its profits last year at group level were FFr 24.7m. With medium and long-term debt at some FFr 36m, against shareholders' capital in reserves almost four times that amount, the group is relatively lightly geared and the balance-sheet is highly liquid.

Research expenditure has risen considerably faster than profits, and last year reached FFr 31m.

The growth of Parcor is due to an aggressive expansion policy geared to buying small laboratories, whose expertise in research has not been matched by financial or commercial know-how.

The 1977 cash flow was FFr 35m.

The group claims to be a leader in calcium products, and its research is geared increasingly towards problems of blood circulation. It claims that more than one-third of all deaths are due in some form or other to cardio-vascular problems. Ticlid itself is intended to prevent the blockage of the arteries following arterial lesions.

The group, which is collaborating with Labaz on research in this area, is already thinking about a successor to Ticlid.

Volksbank margins cut

BY OUR FINANCIAL STAFF

LITTLE CHANGE in balance sheet total and a decline in earnings are announced by Schweizerische Volksbank for the first half of 1978.

The bank is at pains to steer clear of actual figures but it points out that narrowing banking margins and uncertainty generally in the monetary sector have had a "negative" impact on profits. Volksbank is the fourth largest commercial bank in Switzerland and its half-time report slots in neatly enough with the trends disclosed earlier this week by the "big three," Swiss Bank Corporation, Union Bank of Switzerland and Credit Suisse.

Volksbank reports that its assets rose to SwFr 12.75bn ($7.35bn) in the second quarter from SwFr 12.64bn at the end of March and SwFr 12.13bn at the end of 1977. The bank points out that interest margins have narrowed, having a negative influence on earnings despite an increase in business volume.

Customer funds showed a net increase of SwFr 130m to SwFr 10.86bn in the second quarter. Lending rose SwFr 324m to SwFr 9.40bn.

U.S. purchase for Dutch publisher

By Charles Batchelor

AMSTERDAM, August 2.

DUTCH publishing and business systems group ICU has purchased about 85 per cent of Aspen Systems Corporation of Germantown, Maryland, for $2.7m cash.

American ICU Corporation has bought the 65 per cent holding of Continental Can in Aspen for $1.32 a share as well as other holdings of around 20 per cent. ICU will offer for the remaining 15 per cent of Aspen bringing the value of the bid to $3.2m. Aspen has turnover of $10m a year and employs more than 220 staff in Germantown, New York, Washington and San Francisco. It specialises in publications in the areas of health care, legislation and business regulations.

ICU had 1977 sales of Fl 228m ($103m).

Nokia earnings increase

BY LANCE KEYWORTH

HELSINKI, August 2.

HIGHER profits are reported by Oy Nokia AB, one of the largest private companies in Finland. Consolidated net profits are FM 21.9m ($5.25m) for 1977, while parent company profits are FM 19m compared with FM 11m.

Sales last year were FM 2.23bn ($534.8m) on a consolidated basis, while the parent company turnover emerged at FM 1.86bn against FM 1.78bn. The dividend is being held at 8 per cent.

The 10 per cent increase in turnover was due largely to inflation. Production volume in the group was unchanged. The best performances were recorded by the Finnish Cable Works (sales up 8 per cent) and Nokia Electronics (28.4 per cent), and it was these two divisions that accounted for most of the profit in 1977. Pulp, paper and power, the Finnish Rubber Works and Nokia Plastics showed a modest growth in sales, well below the rate of inflation.

Nokia's overseas subsidiaries reported a satisfactory 14.5 per cent increase in net invoicing.

Nokia's view of the immediate future is cautious. Cost and investment cuts are part of the programme to adjust to the changed economic climate. The development of existing export markets and the opening of new outlets abroad will continue.

Pulp, paper and power strengthened market shares in France and Norway last year.

Salen's $22m tanker sale

STOCKHOLM, August 2.

THE SALEN Shipping Group confirms the sale of one of its seven strong super tanker fleet, the 350,000 deadweight ton "Sea Stratus." The ship has been sold to Hong Kong interests for $22m, or less than half of the $50m original cost.

Salen turned in a pre-tax loss last year of Skr 225m and expects to make further losses this year. By taking advantage of its inventory reserves and depreciation reserves it hopes to emerge with a break even bottom line figure as it did in 1977.

The company said that Salen expects to sell a further 350,000 ton tanker. Company policy is to dispose of tankers and concentrate on the profitable reefer division and on refrigerated ships.

Outokumpu profits fall

By Our Own Correspondent

HELSINKI, August 2.

OUTOKUMPU OY, the Finnish state-owned mining and refining company, suffered in fiscal 1977 from low world prices for its main products, copper, zinc, nickel and stainless steel.

Although, volume growth speeded up, net earnings for the year fell by about 25 per cent to FM6.6m ($1.6m).

Turnover increased by 18.5 per cent to FM1.38bn, of which exports accounted for FM1.05bn. Outokumpu's production capacity was almost fully utilised throughout 1977. New records were set in the mining of ore from the company's mines, and in the production of copper, nickel, zinc and precious metals. The current ore reserves will secure the continuity of mining production at its present level for ten years.

The division that expanded most rapidly in 1977 was technical exports. Invoicing increased y 71.7 per cent to FM174.8m, due in large part to deliveries for the Norilsk smelter project in Siberia. Other major export markets were South Korea, Mexico, Japan and England.

VONTOBEL EUROBOND INDICES

[illegible] = 100%

PRICE INDEX	2.8.78	[illegible]	AVERAGE YIELD	2.8.78	25.7.78
DM Bonds	104.51	[illegible]	DM Bonds	6.735	6.718
HFL Bonds & Notes	101.42	102.86	HFL Bonds & Notes	8.073	7.758
U.S. $ Strt. Bonds	98.91	98.98	U.S. $ Strt. Bonds	8.936	8.922
Can-Dollar Bonds	100.39	100.33	Can-Dollar Bonds	9.211	9.214

INTERNATIONAL FINANCIAL AND COMPANY NEWS

Takeover battle moves to share market

By James Forth

SYDNEY, August 2.

THE TAKEOVER struggle between meat processing groups Australian Conversion Services and Mascot Industries has moved to the sharemarket where both companies are busily buying shares in the other. Last month ACS announced a surprise A$7.9m takeover offer for Mascot. Both companies had held a small equity in the other for several years but since late last year Mascot had been accumulating further shares.

A few days before ACS announced its offer, Mascot purchased a holding of about 10 per cent of ACS, taking its stake to just over 40 per cent. After ACS disclosed its intention to make a bid, Mascot applied to the courts for an interlocutory injunction to prevent ACS making a placement of close to 10 per cent of its capital, to help finance the takeover.

During the hearing both companies undertook to refrain from purchasing shares in the other. The court earlier granted the injunction and released the companies from their undertaking not to buy more shares.

ACS has now lifted its equity in Mascot from about 5 per cent to over 16 per cent while Mascot has increased its ACS stake to 44 per cent. The price of ACS shares has risen from A$2.50 to A$3.00 under the buying while the Mascot price has moved up to A$1.80.

ACS planned to offer at least A$1.65 a share and now will be required to match the highest price paid on the market if it proceeds with a bid. The situation is further complicated by the fact that if either company gains more than 50 per cent of the other, they will then have a subsidiary owning shares in the parent company. Under the companies act the subsidiary would be required to dispose of this holding within twelve months, unless court approval is obtained for an extended sale period.

* * *

Tooth and Co. is to build a A$12m (US$13.8m) brewery near the northern New South Wales town of Lismore, designed to produce 10m gallons of beer annually, Reuter reports from Sydney.

The brewery, designed to provide for future expansion, will service north-eastern NSW, and like the recently acquired Courage Brewery in Melbourne, will help relieve pressure on production capacity at the two Sydney breweries.

JAPANESE PROFITS

Consolidated gains shown

BY ROBERT WOOD

TOKYO, August 2

JAPANESE companies reporting consolidated results this year have been able to report higher profits than in their unconsolidated results in 72 per cent of cases, according to a survey by the Tokyo Stock Exchange, published today.

Listed Japanese companies with subsidiaries accounting for more than 10 per cent of their consolidated assets are required to report consolidated results for the first time this year. Previously they had only been required to report the results of the parent company, including income remitted from subsidiaries.

The extent to which consolidated reports present a better financial picture of companies than unconsolidated ones, is a matter of debate in Japan. The new rules require companies to include only subsidiaries in which they own more than 50 per cent of the shares. Many companies have sold part of their shares in unprofitable subsidiaries to affiliates to reduce their holdings below the 50 per cent level. Also, companies can choose any one of six different accounting methods, including four Japanese methods which allow for considerable discretion in accounting treatment of many items.

The cross-holding of shares common in Japan makes the holding of unprofitable subsidiaries particularly easy. Subsidiaries and affiliates commonly hold shares in each other, circularly, and some may even hold shares in the parent company. Thus even if a company adopts a U.S. Securities and Exchange Commission type of accounting method, which requires it to include a proportion of the results of all affiliates in which it has more than a 20 per cent interest, it can readily reduce the portion of its ownership in any subsidiary below 20 per cent by distributing 80 per cent of the subsidiary's shares among affiliates.

Generally, profitable companies have been making relatively full disclosure, while unprofitable companies have resorted to book-keeping devices.

Nonetheless, the consolidated reports have proved revealing in many cases.

The consolidated earnings of Hitachi, the healthy, diversified electronics company, were Y77.8bn (around $410m), or 2.5 times those of the parent company itself. Consolidated earnings of Toshiba Corporation, an equally diversified but less profitable electronics company that is one of Hitachi's main competitors, were only Y2.4bn ($12m)—only about 17 per cent of the parent company's profits. Of Toshiba's 34 subsidiaries, 10 showed a deficit.

Not all companies that show declines in profits under consolidation are comparably badly off, however. Mitsui and Co and Kanematsu-Gosho, two of the major trading houses, both show poorer results under consolidation. But analysts say that Mitsui is one of the nation's strongest based trading companies. Its consolidated accounts follow practices used in the U.S., and the losses of some of its subsidiaries indicate natural losses for a trading company in a bad year for the Japanese economy as a whole. Kanematsu-Gosho, on the other hand, is troubled with large losses the extent of which was observed by the reduction of its shareholding in at least one key subsidiary.

Blue Circle Southern financing

BY OUR OWN CORRESPONDENT

SYDNEY, August 2.

BLUE CIRCLE Southern Cement, Australia's largest cement maker, plans to raise about A$9.4m from a rights issue to help pay for a A$72.25m new cement plant currently being built in New South Wales.

The issue is the second within 12 months and had been foreshadowed by the directors. It will take the equity content of the financing package for the new plant to dollars A$15m, and complete the equity contribution.

About A$22m secured by debentures, was drawn down in the period under arrangements entered into with Australian trading banks, institutions and other lenders for the provision of the $A57.25m of debt finance. This brings the total drawn down to date to A$35m.

The directors also announced a rise in profit for the June half-year from A$1.6m to A$4.6m (U.S.$5.3m). The gain resulted largely from a reduction in tax provided, from A$1.36m to A$334,000, reflecting investment allowances for the new plant development. The tax equals only 6.5 per cent, compared with the normal company tax rate of 46 per cent. The directors expect that the group's tax expense will continue at a reduced level for another three years or so.

The directors also attribute the improved result to increased sales — revenue rose from $A39.9m to A$45.6m (U.S.$52.3m) —cost efficiencies and other action taken to rationalise distribution and production.

The modest improvement in cement demand in NSW, evident late last year continued in the first half, but building, and therefore overall cement demand, remained well below the levels of four years or so ago.

Building activity in both New South Wales and Victoria was adversely affected by above average rainfall, but the group, unlike the previous year, experienced few operating disruptions from industrial disputes. The interim dividend is unchanged at 2.25 cents a share.

Associated Portland Cement Manufacturers, of the UK, and Broken Hill Proprietary Company each own 42.45 per cent of the capital of Blue Circle Southern with the public holding the remainder.

Pastoral merger planned

BY OUR OWN CORRESPONDENT

SYDNEY, August 2.

DENNYS, LASCELLES and Australian Mercantile Land and Finance Company (AMLF) plan to merge their woolbroking and pastoral agency business on a partnership basis. The merger will result in one of the largest woolbroking and pastoral agency businesses in Victoria and the Riverina district of southern New South Wales. The directors of both companies described the proposal as a sensible commercial rationalisation.

The merger will be effected by Dennys acquiring the goodwill and assets of AMLF's business in exchange for Dennys shares. AMLF, which already holds close to 15 per cent, in the merged group, is a subsidiary of Wood Hall Trust of the UK, which means that control of the group will move overseas if the merger goes through. The proposal is subject to the consent of the Foreign Investment Review Board and to Dennys' shareholders approving the issue of the additional shares.

Indian equity rules relaxed

By K. K. Sharma

NEW DELHI, August 2.

A MAJOR modification in the rules governing foreign equity in companies in India was announced by the Indian Finance Minister, Mr. H. M. Patel, to Parliament, when he said that the companies would be permitted higher equity holdings if they invested profits in India that they would otherwise have remitted abroad.

Replying to a question on an application for retention of 51 per cent equity by Hindustan Lever, Mr. Patel said that permission to retain a higher equity share than that allowed under guidelines issued under the oreign Exchange Regulation Act (FERA) would be given if the profits were invested in "certain sophisticated industries."

Under the present guidelines, all foreign companies must reduce their foreign ownership progressively to 40 per cent, but are permitted a higher holding if they diversify their activities into areas involving "sophisticated technology" or exports or a combination of both. A half-way point of 51 per cent foreign ownership was announced a couple of years ago.

Today's indication is a urther relaxation, and it is expected that many foreign companies will take advantage of it. "Sophisticated technology" is apparently being defined loosely, since Hindustan Lever's application involves the setting up of a cement plant. There is presently an acute scarcity of cement, but the technology involved does not seem new or sophisticated.

Mr. Patel said that "when the question arises of reducing equity holdings of a foreign company it means reduction in considerable remittances in foreign exchange abroad. Now, if whatever money is to be remitted abroad can be invested in the kind of activities which we approve of, certainly it is something to which we do give consideration."

GSI planning to go public

BY GEORGE LEE

SINGAPORE, August 2.

A PUBLIC OFFER is planned by General Securities Investments (GSI), a wholly-owned subsidiary of the leading local bank, the Development Bank of Singapore.

The bank is expected to make a public offer of 25m of its shares at S$1 each before the end of the month.

GSI, which is a closed end investment trust, will at the same time seek a listing on the Stock Exchange of Singapore.

GSI was formed in late 1974 and its issued capital is currently S$16m. The company has a wholly-owned subsidiary, General Securities Trading, which was incorporated in June last year.

When listed, GSI will be the second closed end investment trust to be quoted on the Stock Exchange of Singapore. The first was Harimau, which was launched by a merchant banking subsidiary of the Haw Par Brothers International group some years ago, and is now managed by the Overseas Chinese Banking Corporation.

Dow Jones extends Times partnership

BY GEORGE LEE

SINGAPORE, August 2.

DOW JONES and Company has further extended its partnership with the leading Singapore newspaper and publishing group, the Times Organisation.

Dow has acquired 153,179 shares in Strait Times Press (1975) and 36,000 shares in New Nation Publishing, giving it approximately a 3 per cent stake in each company. Dow paid a total of S$1.2m in cash for the acquisition. The vendor of the shares however was not disclosed.

Strait Times Press which is listed on the Stock Exchange of Singapore publishes the Strait Times, Singapore's leading newspaper with a daily circulation of more than 180,000.

New Nation Publishing, an unquoted company, publishes the afternoon English newspaper, New Nation, which has a daily circulation of 40,000.

Dow already has an interest in another member of the Times Organisation, Times Business Publications, which publishes Singapore's only financial daily, the Business Times.

Both Dow and the Times Organisation are also partners in the Asian Wall Street Journal and the South China Morning Post of Hong Kong.

Carlton Paper profits rise

BY RICHARD ROLFE

JOHANNESBURG, August 2.

THE REVIVAL in the South African paper and packaging industry which has already been evident in the results of Reed Nampak, the local subsidiary of Reed International, now in negotiations with Barlow Rand, and in Kohler, the Union Corporation subsidiary, have been reflected in another Union Corporation subsidiary, Carlton Paper Corporation, for the six months to end-June.

The control structure in Carlton Paper is that it is 78 per cent owned by Kimberley-Clark South Africa, in which Union Corporation's Sappi holds 50.1 per cent. Carlton Paper is the leading manufacturer of tissues, paper towels and related products. On turnover up from R25.5m to R26.7m ($30.7m) its operating profits have risen from R2.9m to R4.2m ($4.8m), with the profit margin rising from 11.4 per cent to 15.6 per cent.

The narrow increase in turnover suggests that profit gains have come from internal cost reductions and productivity increases.

Sime Darby stands by loan statement

KUALA LUMPUR, August 2.

SIME DARBY Holdings has replied to a Kuala Lumpur Stock Exchange query that it has nothing further to add at present to its previous statements that the S$400m balance of its proposed loan issue will be used to finance future projects.

The company was replying to a Stock Exchange ultimatum giving Sime until Friday to furnish details on its proposed S$475m loan or face disciplinary action.

Sime had earlier said that about S$75m of the loan would be used to redeem its 10 per cent unsecured loan stock maturing at the end of this year, while the balance would finance future projects.

In the reply now made Sime said that it was quite normal for large international companies to negotiate substantial credit lines in excess of their immediate requirements, to provide a ready facility to finance future projects and to take advantage of investment opportunities when they occurred.

It was not possible for Sime to add anything further until such projects were identified and the loans provided were drawn down to enable the company to finance them.

The Stock Exchange will be informed if such projects are identified and firm decisions taken, Sime said.

The terms of the proposed loan will not be finalised until a loan facility agreement is executed by all parties concerned, and these parties would prefer not to make statements until terms have been finalised, it added.

Appropriate information relating to the loan would be announced on execution of the agreement.

Reuter

India acquires UK company

By Our Own Correspondent

NEW DELHI, August 2.

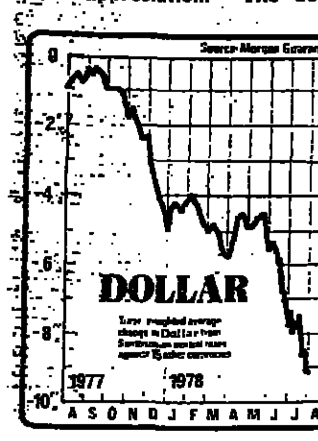
THE INDIAN Government has acquired UK-owned Lagan Jute Machinery Company, of Calcutta. The entire shareholding has been bought for Rs 16.5m ($2m) from James Mackie Holdings, Belfast.

هكذا من الأصل

Currency, Money and Gold Markets

Dollar drifts in thin trading

Conditions in yesterday's foreign exchange market were generally subdued with most activity surrounding the Japanese yen in relation to the dollar. The Japanese authorities have been coming under more and more pressure to curb the upward rise of the yen and various rumours on how they might achieve this have abounded just recently. However, in the absence of anything concrete the dollar remained weak despite any internal problems that may have arisen in Japan in relation to the yen's rapid appreciation. The dollar



closed at Y186.30 which was unchanged from Tuesday but the day's range showed considerable movement with the U.S. currency touching Y188.50 at one point and recording a low point of Y185.30.

Using Morgan Guaranty figures at noon in New York the dollar's trade weighted average depreciation was unchanged at 9.2 per cent and on a similar basis the yen's appreciation improved from 55.8 per cent to 56.0 per cent.

The Swiss franc was firmer against the dollar and closed at SwFr 1.7112½ from SwFr 1.7275 on Tuesday while the West German mark was marginally stronger at DM 2.0390 against DM 2.0405.

Sterling spent an uneventful day trading in the range of $1.9225-1.9300. It was slightly easier during the morning but with little business taking place rates were easily moved and it was not until the afternoon when selling of the dollar developed out of New York that the pound reached its best level of $1.9290-1.9300. By the close sterling had eased back slightly to close at $1.9275-1.9285, a rise of just 10 points. An increase of $193m in the UK official reserves in July to $16.735bn appeared to have little effect. Using Bank of England figures, the pound's trade weighted index remained unchanged throughout at 62.3.

TOKYO—The dollar continued to decline and closed at Y184.70 compared with Y187.95 on Tuesday. After opening at Y186.0, the U.S. currency touched a record low of Y184.30 just before the close. Despite the fact that various rumours circulating the market appear to be to the dollar's benefit, should they at any time be substantiated, there is a growing suspicion that the Japanese authorities may find it extremely difficult to stem the inflow of dollars or control Japan's huge trade surplus.

FRANKFURT—The dollar was fixed at DM 2.0450 compared with DM 2.0347 previously. Trading was generally uneventful with very little in the way of fresh factors to influence the market. In later trading the dollar slipped below the fixing level to DM 2.0410 on rumours of a possible 10 per cent increase in oil prices. The Swiss franc climbed to a new high against the D-mark at DM 1.1870 to the franc from DM 1.1817 on Tuesday.

PARIS—The dollar showed little change against the French franc in thin trading conditions and near the close was quoted at FFr 4.3837½ compared with FFr 4.3610 on Tuesday having touched FFr 4.3810 at one point during the day. The franc also showed little movement against other currencies and sterling finished at FFr 8.4030 from FFr 8.4135 previously.

MILAN—Trading during the morning saw the dollar rally against the lira and was quoted at L842.2 compared with the previous day's fixing of L840.7. Both the yen and Swiss franc were slightly off the record levels achieved on Tuesday and while conditions were quiet, there was nothing concrete to explain the dollar's better performance. The yen closed at L4.500 from L4.539 while the Swiss franc eased to L485.81 against L490.75.

THE POUND SPOT / FORWARD AGAINST £

Aug. 2	Bank rate %	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	7¼	1.9225-1.9300	1.9275-1.9285	0.50-0.40c pm	3.11	1.18-1.08c pm	2.34
Canadian $	9	2.1860-2.1965	2.1935-2.1945	0.40-0.30c pm	1.91	1.20-1.10c pm	2.10
Guilder	4½	4.23¾-4.26	4.24-4.25	2⅜-1⅜c pm	5.30	5⅞-4⅞c pm	5.06
Belgian Fr	6	61.60-62.15	61.95-62.05	25-15c pm	3.87	65-55c pm	3.87
Danish Kr	8	10.67¾-10.71½	10.69¾-10.70¾	[illegible]	0.03	3-5 ore dis	−1.49
D-Mark	6	3.92¾-3.95	3.93-3.94	2⅞-1⅞pf pm	7.24	7⅝-6⅝pf pm	7.24
Port. Esc	18	87.20-87.90	87.45-87.70	50-150c dis	−13.70	150-350c dis	−11.42
Span. Pes	8	147.10-147.50	147.25-147.35	20-80c dis	−4.07	10-110c dis	−1.65
Lira	11½	1,620-1,624	1,622-1,623	1-3 lire dis	−0.15	7½-9½ lire dis	−2.10
Norwgn. Kr	7	10.29½-10.34½	10.32½-10.33½	2¼-1¼ ore pm	−1.74	3¾-1¾ ore pm	1.06
French Fr	9½	8.39¾-8.43½	8.40-8.41	2¼-1¼c pm	2.50	4¾-3¾c pm	1.78
Swedish Kr	6½	8.67-8.70	8.68½-8.69½	1¾ore pm-½dis	2.07	4½-2½ ore pm	1.61
Yen	3½	356-365	358-360	3.40-3.05y pm	10.76	8.20-7.88y pm	8.95
Austria Sch	4½	28.50-28.65	28.52-28.57	17-7 gro pm	5.08	37-27 gro pm	4.52
Swiss Fr	1	3.28-3.34½	3.29½-3.30½	3-2c pm	9.09	7⅞-6⅞c pm	8.64

Belgian rate is for convertible francs. Financial franc 63.50-63.60.

Six-month forward dollar 2.05-1.95c pm 12-month 3.97-3.87c pm.

THE DOLLAR-SPOT / FORWARD AGAINST $

August 2	Day's spread	Close	One month	% p.a.	Three months	% p.a.
Canad'n $*	87.91-88.06	88.03-88.06	0.06-0.04c dis	−0.64	−0.13-0.10c dis	−0.50
Guilder	2.2030-2.2180	2.2030-2.2040	0.60-0.55c pm	3.03	1.59-1.54c pm	2.82
Belgian Fr	32.185-32.275	32.185-32.200	5-4c pm	1.59	14-12½c pm	1.54
Danish Kr	5.5500-5.5565	5.5565-5.5585	—		—	
D-Mark	2.0420-2.0470	2.0420-2.2040	0.78-0.73pf pm	4.16	2.52-2.47pf pm	4.72
Port. Es	—	45.35-45.45	—		—	
Lira	841.80-842.90	842.30-842.50	3.15-3.55lire dis	−3.88	9.25-10 lire dis	−4.04
Nrwgn Kr	5.3535-5.3650	5.3630-5.3650	—		—	
French Fr	4.3640-4.3780	4.3670-4.3690	0.08c dis-0.2c pm	−0.21	0.35-0.50c dis	−0.44
Swedish Kr	4.5070-4.5130	4.5070-4.5090	—		—	
Yen	185.70-186.50	185.95-186.15	1.25-1.10y pm	7.40	3.15-3.00y pm	6.38
Austria Sch	—	14.7350-14.7400	—		—	
Swiss Fr	1.7140-1.7320	1.7200-1.7215	0.93-0.88c pm	5.93	2.94-2.89c pm	6.39

* U.S. cents per Canadian $.

CURRENCY RATES

August 2	Special Drawing Rights	European Unit of Account
Sterling	0.655646	0.659198
U.S. dollar	1.26166	1.26777
Canadian dollar	1.43766	1.44183
Austrian schilling	18.6063	18.6993
Belgian franc	40.7075	40.9046
Danish krone	7.01168	7.05341
Deutsche Mark	2.58123	2.59423
Guilder	2.78827	2.80126
French franc	5.52512	5.55347
Lira	1062.95	1068.18
Yen	234.290	237.921
Norwegian krone	6.76561	6.81493
Peseta	96.4211	96.8501
Swedish krona	5.69261	5.72693
Swiss franc	2.18709	2.19823

CURRENCY MOVEMENTS

August 2	Bank of England Index	Morgan Guaranty changes %
Sterling	62.29	−40.6
U.S. dollar	84.44	− 9.2
Canadian dollar	82.94	−14.6
Austrian schilling	138.54	+17.2
Belgian franc	109.32	+11.0
Danish krone	113.64	+ 4.8
Deutsche Mark	139.30	+34.9
Swiss franc	193.39	+87.5
Guilder	119.21	+16.8
French franc	100.77	− 2.6
Lira	55.90	−46.7
Yen	157.49	+56.0

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

Aug. 2	£	$		£ Note Rates
Argentina Peso	[illegible]	805.50-806.64	Austria	27¾-28¾
Australia Dollar	1.6587-1.6657	[illegible]	Belgium	62½-64
Finland Markka	8.01-8.03	4.1595-4.1615	Denmark	10.60-10.75
Brazil Cruzeiro	34.85-35.85	18.08-18.59	France	8.35-8.50
Greece Drachma	69.891-71.607	36.25-37.17	Germany	3.85-4.00
Hong Kong Dollar	8.96½-8.98	4.6625-4.6645	Italy	1595-1625
Iran Rial	[illegible]	[illegible]	Japan	360-370
Kuwait Dinar (KD)	0.518-0.528	0.2687-0.2739	Netherlands	4.15-4.30
Luxembourg Franc	61.95-62.05	[illegible]	Norway	10.25-10.40
Malaysia Dollar	4.44-4.46	2.3100-2.3120	Portugal	83-90
New Zealand Dollar	[illegible]	[illegible]	Spain	145½-149
Saudi Arab Riyal	[illegible]	[illegible]	Switzerland	[illegible]
Singapore Dollar	4.33½-4.35	[illegible]	United States	1.9200-1.9400
South African Rand	[illegible]-1.6825	[illegible]	Yugoslavia	35-37

Rate given for Argentina is free rate.

EXCHANGE CROSS-RATES

Aug. 2	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.928	3.935	359.5	8.405	3.300	4.245	1623	2.194	[illegible]
U.S. Dollar	0.519	1.	2.041	186.5	4.359	1.712	2.202	[illegible]	[illegible]	[illegible]
Deutsche Mark	0.254	0.490	1.	91.36	2.136	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japanese Yen 1,000	2.782	5.363	10.95	1000.	23.38	9.179	11.81	[illegible]	6.105	172.5
French Franc 10	1.190	2.294	4.682	427.7	10.	3.926	5.051	[illegible]	[illegible]	[illegible]
Swiss Franc	0.303	0.584	1.192	108.9	2.547	[illegible]	[illegible]	[illegible]	[illegible]	18.79
Dutch Guilder	0.236	0.454	0.927	84.69	1.980	0.777	[illegible]	382.2	[illegible]	[illegible]
Italian Lira 1,000	0.616	1.188	2.425	221.6	5.180	2.034	2.616	[illegible]	[illegible]	[illegible]
Canadian Dollar	0.456	0.879	1.794	163.9	3.831	[illegible]	[illegible]	739.5	[illegible]	28.26
Belgian Franc 100	1.613	3.110	6.347	579.8	13.56	5.323	6.847	2617	3.539	[illegible]

EURO-CURRENCY INTEREST RATES*

Aug. 2	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	11-11½	8-9	[illegible]	4¾-5	⅝-⅞	[illegible]	7-7¼	11-15	—	
7 days notice	10½-11	8-9	[illegible]	4¾-5	¾-1	[illegible]	7¼-7½	12¼-13¼	[illegible]	[illegible]
Month	10⅝-10¾	9⅛-9½	7½-7¾	4⅝-4⅞	[illegible]	[illegible]	[illegible]	12-13	[illegible]	[illegible]
Three months	10⅝-10⅞	9½-9⅞	8⅛-8⅜	5⅛-5⅜	[illegible]	[illegible]	[illegible]	[illegible]	8½-8⅝	[illegible]
Six months	11-11⅜	8⅞-9¼	8⅜-8⅝	6⅛-6⅜	[illegible]	[illegible]	9½-9¾	[illegible]	[illegible]	[illegible]
One year	11¼-11⅝	9-9⅜	9-9¼	6⅝-6⅞	2⅛-2¼	[illegible]	[illegible]	13½-14½	[illegible]	[illegible]

The following nominal rates were quoted for London dollar certificates of deposit: One month 8.00-8.10 per cent; three months 8.20-8.30 per cent; six months [illegible] per cent; one year 8.85-8.95 per cent.

Long-term Eurodollar deposits: two years 9⅜-9⅝ per cent; three years 9⅝-9⅞ per cent; four years 9⅞-9⅝ per cent; five years 9⅝-9⅞ per cent are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

New York rates lower

Treasury bill rates were quoted sharply lower yesterday with 13-week bills at 6.79 per cent from 6.90 late on Tuesday and 26-week bills at 7.25 per cent compared with 7.34 per cent. One year bills were also easier at 7.63 per cent from 7.75 per cent. Federal funds were quoted on or just below 8 per cent and the Federal reserve once more injected liquidity into the system of making overnight repurchase orders. One-month certificates of deposit showed little change at 7.75 per cent while the two-month rate fell to 7.85 per cent from 7.90 per cent. Three-month deposits were also easier at 7.95 per cent compared with 8.02 per cent previously.

Bankers acceptance offered rates were unchanged at 7.65 per cent for 30-days through to 8.10 per cent for 180 days. Similarly, high-grade commercial paper rates were steady at 7.70 per cent for 30-days, 7.85 per cent for 60-days and 7.95 per cent for 90-days.

BRUSSELS—Deposit rates for the Belgian franc (commercial) were generally mixed with one-month at 5¾-6 per cent from 6-6¼ per cent previously and the three-month rate at 6¼-6½ against 6⅞-6⅛ per cent. On the other hand six-month deposits were firmer at 7¼ per cent compared with 6[illegible]-7⅛ per cent while the one-year rate was unchanged at 7¼-7½ per cent. In the week ended July 31, the Belgian Central Bank's foreign exchange reserves fell by about BFr 3.6bn to BFr 92.41bn. It is widely agreed that this fall is due almost entirely to support operations carried out by the Bank in order to keep the franc above its lowest permitted level within the European "snake." At yesterday's meeting of the Central Bank board, despite the weakness of the franc, the Lombard and discount rates were left unchanged at 6 per cent.

FRANKFURT—German inter-bank money market rates were unchanged from Tuesday at 3.45 per cent for call money through to funds for six months at 4.1 per cent.

AMSTERDAM—Inter-bank money market rates were generally easier with one-month funds falling to 5⅜-5⅝ per cent from 5½-5¾ per cent and three months at 6¼-6⅜ per cent compared with 6½-6⅝ per cent previously. Six-month rates were also easier at 6¾-6⅞ per cent from 6⅞-7 per cent while call money was slightly firmer at 4¾-5 per cent from 4½-5 per cent.

PARIS—Call money was slightly easier at 7⅛ per cent compared with 7¼ per cent on Tuesday. Longer-term rates were unchanged at 7¼-7⅜ per cent for one-month, 7⅜-7½ per cent for three-month, 7¾-7⅞ per cent for six-month and 8⅜-8½ per cent for 12-month.

HONG KONG—Money market conditions were again easy with call money at 5⅜ per cent and overnight funds at 5¼ per cent.

GOLD

Slight rise

In fairly active trading gold improved $¾ an ounce to close at $203¾-204 in the London bullion market yesterday. The metal opened at $203-203¾ and was fixed at the same level in the morning as in the afternoon at $203.25. Trading remained nervous and was again a reflection of movements in the dollar. At one point the metal eased to $202¾-203¼ while the best level attained was at the close. Trading was also restrained ahead of the IMF gold auction held later in the day in the U.S.

In Paris the 12½ kilo bar was fixed at Fr28,150 per kilo ($199.83 per ounce) compared with Fr28,775 ($204.33) in the morning and Fr29,000 ($207.09) on Tuesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM13,375 per kilo ($203.38 per ounce) compared with DM13,075 ($207.50) on Tuesday.

	Aug. 2	Aug. 1
Gold Bullion (a fine ounce)		
Close	$203¾-204	$202¼-203¼
Opening	$203-203¾	$204-204¾
Morning fixing	$203.25 (£105.578)	$207.60 (£107.219)
Afternoon fixing	$203.25 (£105.396)	$205.10 (£106.313)
Gold Coins domestically		
Krugerrand	[illegible]	$214-216 (£111-112)
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
Gold Coins internationally		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]
$10 Eagles	[illegible]	[illegible]
$5 Eagles	[illegible]	[illegible]

UK MONEY MARKET

Free credit supply

Bank of England Minimum Lending Rate 10 per cent (since June 8, 1978)

Day to day credit was in adequate supply in the London money market and for the first time since July 6, the authorities were not required to give any assistance. Discount houses found themselves in a much more comfortable position and in places closing balances were taken at 9 per cent.

The market was helped by the banks bringing forward balances well above target and a modest fall in the note circulation. There was also an excess of Government disbursements over revenue transfers to the Exchequer.

On the other hand, there was a sizeable net take-up of Treasury bills and numbers of local authority bills maturing in official hands. This was in addition to the settlement of gilt sales and the resale by the authorities of a moderate amount of bills bought at an earlier date. There was also the repayment of Tuesday's moderate advances.

Conditions were generally quiet ahead of any possible announcement by the Bank of England concerning a reduction in MLR. Such an announcement would normally occur today. In the interbank market overnight loans opened at 9¾-10 per cent and remained steady for the rest of the day with closing balances taken at 9⅞-9¾ per cent.

Discount houses' buying rates for three-month Treasury bills eased slightly to 9⅛-9⅜ per cent which under the old market related formula would have indicated an MLR of 9⅝ per cent compared with the present 10 per cent.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Aug. 2 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	9¾-10	—	—	—	10⅛	9-9½			—
2 days notice	—	—	9⅛	—	—	—		—	—	—
7 days or	—	—	—	—	—	10½		—	—	—
7 days notice	—	9½-9⅞	9⅞	—	10	10	9½-9¾			—
One month	9⅞-9¾	9⅞-9¾	10	10¼-10½	[illegible]	10	9½	[illegible]	[illegible]	10⅛
Two months	[illegible]	9⅝-9¾		[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	9⅝-9¾	9¾	[illegible]	[illegible]	10¼	[illegible]	[illegible]	[illegible]	10¼
Six months	[illegible]	9¾-9⅞	9⅞-10	[illegible]	[illegible]		—		[illegible]	[illegible]
Nine months	[illegible]	[illegible]	10	[illegible]	[illegible]					
One year	[illegible]	10-10⅛	10¼	[illegible]	[illegible]					
Two years	—	—	10½-10¾	—	—					

Local authority and finance houses seven days' notice, others seven days fixed. Longer-term local authority mortgage rates nominally three years 11¼ per cent; four years 11[illegible] per cent; five years 11[illegible] per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills [illegible] per cent; four-month trade bills [illegible] per cent. Approximate selling rate for one-month Treasury bills [illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills [illegible] per cent; two-month [illegible] per cent; and three-month [illegible] per cent. One-month trade bills [illegible] per cent; two-month [illegible] per cent; and also three-month [illegible] per cent.

Finance House Base Rates (published by the Finance Houses Association) [illegible] per cent from August 1 1978. Clearing Bank Deposit Rates for small sums at seven days' notice [illegible] per cent. Clearing Bank Base Rates for lending 10 per cent. Treasury Bills: Average tender rates of discount 9.1136 per cent.

MONEY RATES

NEW YORK

Prime Rate	9
Fed Funds	8.0
Treasury Bills (13 week)	6.79
Treasury Bills (26 week)	7.25

GERMANY

Discount Rate	3
Overnight	3.45
One month	3.6
Three months	3.75
Six months	4.1

FRANCE

Discount Rate	9.5
Overnight	7.125
One month	7.3125
Three months	7.4375
Six months	7.8125

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.5
Bills Discount Rate	4.75

Executive Banking Appointments

London **The Gulf**

One of the largest commercial banks based in the Gulf, now in a phase of dynamic expansion, requires the following executives:-

London Branch

Manager c.£17,500

A dynamic Manager, ideally aged 40-45, with experience of the Middle East and a proven track record indicative of the initiative and drive to undertake the profitable development of a new branch. Ref: 6266.

Marketing Officer £8,000-£10,000

To develop profitable client relationships with British and UK based large international companies with interests in the Middle East. Initial concentration will be on the UK market. Ref: 6267.

(*The above appointments are open to men and women*)

The Gulf

Personnel Officer - International Division

To establish and control a department to administer the personnel function within its International Division. A versatile outlook allied to broad experience, ideally in a bank, and a proven record of success is essential. Previous overseas experience is highly advantageous. A remuneration package including tax free salary is negotiable in accordance with the best international standards. Ref: 6268.

Executive- Syndicated Loans c.$35,000+bonus

An experienced Loan Executive for the investment and corporate finance department to assist an established team in developing international lending operations. Candidates should have sound experience of putting together syndicated loans and/or performance guarantees and all aspects of international trade financing, together in each case with a detailed knowledge of documentation. Ref: 6269.

All appointments offer excellent scope for career development and overseas benefits include free accommodation, car, medical facilities and 45 days holiday each year. Renewable contracts are for 2 years.

Applications under Refs: 6266, 6267, 6269 to B. G. Luxton.
Applications under Ref: 6268 to G. N. Brown.
Mervyn Hughes Group, 2/3 Cursitor Street, London EC4A 1NE.
Telephone: 01-404 5801.

Mervyn Hughes Group
Management Recruitment Consultants

Group Tax Consultant

c£15000 plus car

The Charterhouse Group, based in the City of London but with numerous financial and trading subsidiaries in the United Kingdom and overseas, wishes to recruit a consultant to advise on the tax implications of all major proposals. He – or she – will help the financial directors of operating companies to recommend to their boards the most favourable tax policies to pursue, and will maintain good relationships with the Inland Revenue.

The intention is not to set up a tax department but with the help of an assistant newly acquired from professional practice to put forward imaginative tax plans. Much of the work will be self-generated.

Those in group finance with whom the consultant will most frequently communicate are graduates in their mid-thirties. The job will appeal to solicitors, chartered accountants and higher grade inspectors whose experience includes advising management on the taxation implications of their decisions.

Salary negotiable around £15000; car provided.

Please write in confidence for a job description and application form to David Prosser, Executive Selection Division, Southwark Towers, 32 London Bridge Street, London SE1 9SY, quoting MCS/3710.

Price Waterhouse Associates

B&D FINANCIAL MANAGER

Maidenhead, Berks. **to £10,000**

Renowned for its financial disciplines and controls, Black & Decker has a policy of rapidly promoting able accountants to a variety of senior management positions.

The company now plans to appoint a Financial Manager who, reporting to the Financial Controller, will be responsible for controlling the preparation of monthly reports, cash management and the development of computer based systems. Managing the general accounting function with a staff of 25, the successful candidate must have the flexibility to become involved where necessary in routine accounting whilst possessing the management skills and potential to progress rapidly in a demanding environment.

Candidates will be qualified accountants with a strong technical background who have had exposure in a progressive industrial/commercial environment and previous experience of staff control. Probably aged 27-30 *they must have the ambition to take on greater management responsibility* within two years.

For more detailed information and a personal history form write to or telephone, Nigel V. Smith, A.C.A., quoting reference: 2214

Douglas Llambias Associates Ltd.
Accountancy & Management Recruitment Consultants,
410, Strand, London WC2R 0NS. Tel: 01-836 9501
121, St. Vincent Street, Glasgow G2 5HW. Tel: 041-226 3101
3, Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

alternatively write to John Levy A.C.C.A., at
Black & Decker, Cannon Lane, Maidenhead, Berkshire.

SAVE THE CHILDREN FUND

ACCOUNTANT

BANGLADESH

Accountant required based in DACCA with already well established team. Teams also operate in other areas of Bangladesh.

Initial one year tour offered. Salary negotiable subject to age and experience.

Board and lodging provided. Return air fares paid. Local leave given with generous allowances plus terminal leave.

Single person preferred. Preferred age 35 years.

Apply: Overseas Personnel Officer, Save the Children Fund, 157, Clapham Road, London SW9 0PT.

Schlesingers

Specialists in the management of private, institutional and pension funds.

Investment Marketing Manager

Schlesingers' rapidly expanding Unit Trust Management Company is recruiting a Senior Manager for the North.

The requirement is for a person, preferred age 28-45, to develop business with Professional Advisers (Accountants, Solicitors, Stockbrokers, Insurance Brokers) in the North Midlands and North West England. Therefore the successful applicant (he/she) will ideally live in the Manchester area. This will involve not only marketing a range of Investment Services but also advising on their suitability for individual investors.

The applicant should have an understanding and experience of investment, financial planning and marketing. Career prospects are excellent. The generous remuneration package, which will include a Company car, profit sharing and other benefits, will total £7–10,000 depending on experience and ability.

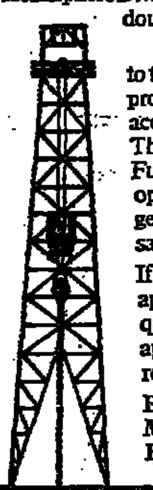
Please apply to J.D. Bourne at
SCHLESINGER TRUST MANAGERS LIMITED
19 Hanover Square London W1
Tel: 01-409 3100

Head of Finance £12,000 plus

Mediterranean base

This post is designed to attract a professional who wishes to build on his experience in Arabic speaking countries and develop in an expanding climate.

The company, a subsidiary of NL Industries Inc., New Jersey, (turnover £850,000,000) specialises in oil field services. Turnover in the Eastern Hemisphere Division of NL Baroid has more than doubled since 1976.



The key task in this appointment is to take charge of the function in an oil producing country and strengthen the accounting and reporting disciplines. The task should take about three years. Further career options will then open. Rewards and benefits are generous and should facilitate capital saving.

If you consider you have the appropriate experience and qualifications, write for an application form or send a career resume to:

Frank Abercrombie,
Manager, Employee Relations,
Eastern Hemisphere Operations,
NL Baroid/NL Industries Inc.,
Academy House,
26/28 Sackville St,
London W1X 2QL

NL BAROID

BANKING EXECUTIVE

International Group based in Hong Kong is seeking younger banker to head the operating team of their affiliated Finance Company, reporting to the Group's Finance Director.

Experience in project financing and loan syndication and an existing international banking exposure would be decided assets. Remuneration and benefits will match experience and achievements.

Applications with full C.V. should be submitted under Reference PC/321 to:

Peter F. Brandon,
WALTER JUDD LTD.,
Recruitment Division, 1a Bow Lane, London EC4M 9E3
and will be treated in the strictest confidence.

MANAGEMENT ACCOUNTANT

COMPANY Carl Freudenberg & Co. (UK) Ltd.—part of a large international group with diverse activities in many industries.

LOCATION In a pleasant part of the East Midlands with easy access to motorways.

APPLICANTS Should be Qualified Accountants (preferably A.C.M.A.) in the age range 25-35 years with experience in both a manufacturing and marketing environment.

The ability to interpret and communicate financial information to other members of the Management Team is essential. Knowledge of computer systems would be desirable.

BENEFITS Attractive salary, bonus scheme, excellent company pension scheme, assistance given with relocation expenses.

APPLICATIONS IN WRITING TO: K. D. Cuthbert, Financial Director, Carl Freudenberg & Co. (UK) Ltd., LUTTERWORTH, Leics., LE17 4DU.

THE URANIUM INSTITUTE

The industrial association and forum of the international nuclear fuel industry, with offices in central London, requires

TWO RESEARCH OFFICERS

Experience in one of the following fields is desirable: Economics, Energy (particularly the nuclear industry), Geology or Mining (particularly economic aspects), or relevant international commodity or business research.

Applicants should be graduates, aged 26-35, and must be adaptable, self-propelled and capable of working as members of a small professional team. Drafting ability is important, and knowledge of languages would be an advantage. Responsibilities will include research projects and administration of study group meetings.

Frequent travel, worldwide, is a necessary part of the job. A high all round standard is sought, and fully competitive salaries (negotiable) will be paid. 4½ weeks a year holidays. Transferable personal pension.

Apply (enclosing c.v.) before 31st August 1978 to:
Terence Price, The Uranium Institute, 8th Floor
New Zealand House, Haymarket, London SW1Y 4TE

Planning & Business Development

The Imperial Continental Gas Association has wide interests in fuel and power industries internationally and it is seeking experienced executives to join its Planning and Business Development function which will be based in the City of London.

Business Development Executives

The role is to identify, research and develop projects to exploit opportunities for business development and investment.

It is unlikely that anyone under the age of 30 will have the depth of commercial experience or special skills and qualifications to operate successfully in a small, self-motivated team. Skill in financial analysis will be important.

Planning Executive

There is also a vacancy for this post in which the role will be to assist with the co-ordination and preparation of corporate and business plans, to undertake special business and economic studies, and others planning functions.

Salaries and conditions of employment commensurate with the importance of these posts should prove attractive to candidates with the business experience and qualities required.

These executives will report to the Director of Planning and Development, to whom applicants are asked to send full career details c/o Imperial Continental Gas Association, 2 Devonshire Square, London EC2M 4TA.

CAREER OPPORTUNITY

IN MANAGEMENT CONSULTING

- We are a rapidly growing international company looking for dynamic candidates for interesting and challenging work in this exciting field.
- Our clients include many of the best known international companies in Europe.
- We want people with initiative, ambition and an ability to communicate with others. The ideal age is between 25 and 35, and it is no disadvantage if you are at an early stage in your career.
- We will teach you our techniques of dramatically improving business operations — techniques which have been hugely effective in producing results in areas as widely diversified as Management, Manufacturing, Administration, Marketing, Sales, and Training.
- You should be the kind of person who likes to make things happen—who likes to directly see the results of your efforts.
- Advancement in both responsibility and earnings is rapid for those who demonstrate the ability to learn and do the job.
- While weekly travel is necessary, there is no requirement to change your place of residence.
- Fluency in German and English are necessary. Knowledge of additional languages will be an asset.

If you are interested in talking with us about

THIS EXCITING CAREER

please send c.v. with details of education, experience and earnings to Box F1041, Financial Times, 10, Cannon Street, EC4P 4BY. The strictest confidence will be observed.

U.K. FINANCIAL CONTROLLER

WEST LONDON ***c £12,500 + car***

Our client is a major U.S. group engaged in the manufacture and marketing of high technology products, who show an outstanding growth record.

They now seek a Controller to take responsibility for their total U.K. financial function including accounting, financial planning and analysis, development of new management information systems, treasury responsibilities etc. The position reports to the European Financial Controller.

It is likely that the successful applicant will be a chartered accountant in his/her mid 30s who can demonstrate effective accounting and finance experience, preferably gained in a high technology environment within a U.S. company. Good communication and man management skills are essential.

The group offers first class career prospects and an attractive remuneration package Relocation expenses are available where appropriate.

Interested applicants should send a comprehensive curriculum vitae with contact telephone numbers to ROGER TIPPLE, who is advising on this position.

Michael Page Partnership

18/19 SANDLAND ST. BEDFORD ROW LONDON WC1
01-242 0965/8

JUNIOR EUROBOND DEALER

An expanding International Bank in Brussels requires a Bond Dealer.

The candidate should be:
☐ in his 30's,
☐ professionally qualified in Eurobonds (FRN's–Straight's bonds) with at least, 3 or 4 years experience in this field, ☐ fluent in English, French, German and/or Dutch, ☐ available as soon as possible.

We offer a competitive salary which, after a period of training, will be commensurate with initiative and performance.

Please send brief personal and career details, which will be kept in confidence, quoting reference /492 to Universal Media, chaussée de La Hulpe 122 at 1050 Brussels (Belgium).

BRAZIL

Chief Accountant

A leading U.K. construction company is currently establishing an office in Brazil and now requires an accountant.

Reporting to the General Manager responsibilities will be to evaluate and appraise business opportunities, and to set up accounting and financial reporting systems. Also to recruit and develop a South American team.

The successful candidate will be a young qualified accountant with experience of working with senior management. A self starter, a diplomat and an ability to motivate staff are other key qualities needed.

There will be an 18 months contract and the salary will reflect the local living costs and the responsibilities of the job. **Ref. 851.**

NIGERIA

Travelling Project Accountant

The Nigerian construction subsidiary of a long established U.K. group wishes to strengthen its West African accounting organisation.

The appointee will assist the expatriate Financial Controller in improving the accounting systems and the training and supervision of local Nigerian accounts personnel. It will be necessary to visit each site of operation and the head office in Lagos about once a month. Applicants must be qualified accountants who can demonstrate expertise in staff supervision and skills in sharp end accounting. 18 months bachelor status contract. Group career prospects are excellent. **Ref. 852.**

SCOTLAND

Project Accountant

A major British company in association with international interests needs an accountant for a new multi-million pound exciting development in Scotland.

Following a period of induction training in London the accountant will report to management on all cost collection matters, liaise with members of the consortium on project accounting procedures and present his/her reports as appropriate.

The selected applicant will be a young qualified accountant who is capable of operating in an unstructured situation. Project costing experience in the offshore engineering or oil industry is desirable. A competitive salary will be paid and there is a car provided. **Ref. 853.**

Barnett Keel
Management Search

Please reply to Peter Barnett, quoting the appropriate reference number, Barnett Keel Ltd., Providence House, River Street, Windsor, Berkshire SL4 1QT. Tel: Windsor 57011. Telex: 849323.

DIVISIONAL CHIEF ACCOUNTANT

City — £10,000 + Car + Bonus

Our client is a major quoted group with extensive worldwide interests.

Liaising closely with operating subsidiaries in the U.K. and overseas, the successful candidate will report to the Divisional Controller. Responsibilities will be broad and include the interpretation of monthly performance, the further development of a sophisticated management reporting package covering world-wide divisional operations and the conduct of specific projects.

Candidates will be qualified accountants probably aged around 30 who should have relevant experience ideally in a multi-national environment. They must be able to work independently, communicate effectively with non-financial Managers and have the presence and commitment to progress in a competitive corporate environment.

For more detailed information and a personal history form, please contact Nigel V. Smith, A.C.A., quoting reference No. 2215

Commercial/Industrial Division

Douglas Llambias Associates Ltd.
Accountancy & Management Recruitment Consultants,
410, Strand, London WC2R 0NS. Tel: 01-836 9501
121, St. Vincent Street, Glasgow G2 5HW. Tel: 041-226 3101
3, Coates Place, Edinburgh EH3 7AA. Tel: 031-225 7744

DLA

Holland Chemical International, ltd.

hci

assistant controller

is a privately owned international trading company involved in the distribution, storage, shipping and trading of industrial chemicals based in Bermuda, with offices in Columbia, Ecuador, Venezuela, Brazil, Argentina, Chile, Guatemala, El Salvador, Mexico, the Dominion Republic, the United States, Spain and Holland.

As part of our expansion programme we have recently acquired two companies in Spain which we are now in the process of re-organising.

The controlling department, based in Bermuda is looking for an assistant controller to be based in Madrid, initially probably for two years.

This person will have responsability for improving the reliability of monthly reporting and to install group systems and procedures. He has to develop a sound basis for the financing of the companies.. The job will obviously involve playing an active part with local management in the management of the company.

It must be emphasized, however, that this position is not a short-term contract. After successful completion of this job the candidate will be relocated elsewhere in the group.

It is essential that the candidate speaks Spanish.

The company offers a basic salary tailored to local conditions, which will ensure a good standard of living, a company car and one month paid home leave annually. In addition, the company operates a bonus system linked to profits and performance with the possibility of equal participation after some years.

The company will pay full relocation expenses.

Letters of application, which should be handwritten, along with a curriculum vitae. Write Box F1040 Financial Times, 10 Cannon Street, EC4P 4BY.

Reed Executive
The Specialists in Executive and Management Selection

Financial Director

London — City — **c £10,000 + car**

Important subsidiary of major British group and which forms an integral part of the market it satisfies, is involved in metal merchandising and through management succession, seeks a new commercially aware Financial Director to complement other members of the management team. Overall responsibility for accurate accounts, forecasts and reports will be of essence as will be responsibility for all legal and secretarial matters of the Company. Relevant candidates will be aged over 30, qualified, experienced at senior management level, preferably in a related environment and capable of displaying strength of character and sound business acumen.

Telephone 021-643 7226 (24 hr. service) quoting Ref: 1458/FT. Reed Executive Selection Limited, 6th Floor, The Rotunda, Birmingham B2 4PB.

The above vacancy is open to both male and female candidates.

London Birmingham Manchester Leeds

NEW BUSINESS DEVELOPMENT

£9000 Neg.

We are a small London-based recruitment consultancy with a strong financial bias and members of the Financial Techniques Group.

Our development is geared to an ability to identify with and work closely for a varied clientele both large and small in the London and Home Counties areas.

The role is challenging and unusual. A high degree of commercial expertise is essential, age 35+ and ideally a Business or Professional qualification.

For an initial exchange of information call Bob Miles on 01-248 6321.

PERSONNEL RESOURCES LTD.
Consits.

INTERNATIONAL AUDITOR
Zurich Insurance Company

We wish to engage an International Internal Auditor, to be resident in the United Kingdom, based at either London or Portsmouth.

Responsible directly to the Chief Auditor, Home Office, Zurich, the successful candidate will undertake financial, operational and EDP auditing in Europe (including U.K.), U.S.A., Canada and eventually Australia. European involvement will be dependent upon expertise in foreign languages. Visits to each country will normally be for periods of between 1 and 4 weeks' duration and travel abroad will occupy about half the working year.

Applicants, who may be male or female, should be Chartered Accountants aged 28-35 and have at least 5 years' experience involving all aspects of accountancy, of which not less than 2 years should have been at senior level. Experience of auditing large EDP systems is essential and it would be an advantage if knowledge of internal auditing procedures has been obtained within a large insurance company or bank.

Currently, the ability to speak French, German or Spanish would be a considerable asset.

A top salary is negotiable and additional benefits include Company car, subsidised mortgage, non-contributory pension and free Life Assurance. Re-location expenses, if necessary, will be paid by the Company.

For full details please write giving a career history to:-
Mr. E. Lucas Manager for the UK and Ireland
Zurich Insurance Company Zurich House Stanhope Road Portsmouth PO1 1DU

ZURICH INSURANCE

INTERNATIONAL BANKING

CREDIT ANALYSIS (4) — **£5500-£9000**
Although these situations vary in terms of seniority, size and "flavour" of organisation, etc., they are all alike in that ability and ambition will in no way be hindered by any lack of opportunity. Age range is flexible; the criterion is really sound experience.

EURO. LOANS ADMINISTRATION — **to £5000**
The immediate requirement is a sound knowledge of Euro. Loans admin. but the Bank itself—a well established Consortium—is energetically expanding and therefore also looks for potential for development.

DOCUMENTARY CREDITS — **to £5000**
Relatively small but growing International Merchant Bank seeks to augment its Doc. Credits team with a young banker with sound all-round experience.

EUROBOND SETTLEMENTS — **to £4500**
Excellent career opportunity with a very active dealing Bank for a young person with c.2 years direct experience of Eurobond admin. procedures.

For further information on these particular opportunities—or to discuss your own career objectives in more general terms, in confidence of course—please telephone either John Chiverton, A.I.B., or Trevor Williams.

JOHN CHIVERTON ASSOCIATES LTD.
31, Southampton Row, London W.C.1.
01-242-5841

SENIOR APPOINTMENTS

The competition for career opportunities, both in the U.K. and overseas, demands increasing involvement and expertise in career planning and the job search.

INTEREXEC provides the most comprehensive, professional and confidential service to assist the Senior Executive seeking a new appointment.

Why waste time? — consult:
The Interexec Register Limited
The World Trade Centre, London E1 9AA
01-481 9977

TAX ACCOUNTANT

The London head office of a large international industrial Group requires an additional Accountant to assist the Tax Manager in dealing with the wide range of taxation matters encountered in a multi-national group of companies. This will include negotiation and agreement of tax liabilities of UK based companies and involvement in tax planning for both UK and continental companies. Salary is negotiable circa £7,000. Benefits include non-contributory pension, free BUPA.

Applications in confidence quoting reference 6270 to:
D. G. Muggeridge,
MERVYN HUGHES GROUP,
2/3 Cursitor Street, London EC4 1NE.
Tel: 01-404 5801

CHIEF ACCOUNTANT c. £7,500 responsible for accounting function of 5 Limited companies. Solid accounting background consolidations. Personnel Appointments 01-588 7921.

ADMINISTRATION & FINANCIAL CONTROLLER

required by a Building and Civil Engineering company who have a number of other interests some of which are outside the United Kingdom.

The successful applicant will be a qualified accountant or alternatively have a proven past experience of a similar nature. They will have to be prepared to travel at short notice, be capable of setting up control systems and ensuring they were implemented, and be fully conversant with company law.

The above position will be filled by a person of strong character who is interested in seeing how a problem is overcome, as opposed to proving how it cannot.

This position offers to the right person an interesting and challenging role with long term prospects from a company which is still capable of dealing with their employees as individuals and not as numbers. This is a new position and hence immediately available with the group and is more suited to an unattached person who will be based in East London.

Salary is by negotiation.

Write Box A6431, Financial Times, 10, Cannon Street, EC4P 4BY.

International Recruitment Specialists for the Commodity Markets

COMMODITY Graham Stewart APPOINTMENTS

Cocoa Trader/Manager

£12,000-£17,000 p.a. basic—bonus/commission

A Senior Cocoa Trader is required by a leading International Trading House to head a trading team responsible for European operations. The person appointed could have a broking, dealing or user background.

Trader Manager

£12,000 p.a. or more, plus participation in profits.

A trader with management experience in all commodity futures markets is required by a Swiss consortium to lead and motivate a London trading team. Some experience of Unit Trust business an advantage. Telephone Graham Stewart or Colin Stanton.

Egmont House 116 Shaftesbury Avenue London W1
Tel 01-439 1701

Jonathan Wren · Banking Appointments

The personnel consultancy dealing exclusively with the banking profession

MONEY DEALER — £ negot
Copenhagen
Our client is an international bank with a worldwide branch network. A vacancy has arisen at the bank's Copenhagen office for an English-speaking junior dealer to assist in running the Danish Kroner book. Applicants should be in their mid-20s, with approximately 2 years' dealing experience, and will ideally be single. The position carries an attractive salary and a competitive range of fringe benefits.
Contact: SOPHIE CLEGG

AUDITOR — £5,000+
An international merchant bank seeks an Internal Auditor to augment its present audit operations. The ideal candidate will be either a recently qualified Chartered Accountant, preferably from a City firm of Accountants, or a person with auditing experience gained in a banking environment. The position is London-based.
Contact: RICHARD MEREDITH

SECURITIES/CONTRACTS — to £4,000
This is an opportunity for a young person with a Stock Exchange background to join a leading and highly respected merchant bank. Candidates should be in their 20s, with at least 3 years' experience on a busy Contracts Section.
Contact: SOPHIE CLEGG

170 Bishopsgate London EC2M 4LX 01-6231266/7/8/9

APPOINTMENTS

Albright and Wilson chairman change

ALBRIGHT AND WILSON has elected Mr. George Meason (62) chairman of the company following the retirement of Mr. Sydney Ellis, who has been chairman since November, 1972.

The change was planned before Tenneco, the U.S. conglomerate, made its bid earlier this year for outright control of Albright, but the move brings Albright more firmly into *Tenneco's chemicals* sector.

Mr. Meason, a member of the Albright board since September, *1976, is the executive* vice-president of Tenneco responsible for its chemicals interests.

Mr. Ellis will remain a director of Albright. He retired as a director and executive vice-president of Tenneco at the end of June.

The change of chairmanship does not affect any of the existing UK management. *Mr. David* Livingstone remains deputy chairman and managing director.

Mr. George Meason

★

Mr. James Foord has been named director and general manager, ITT BUSINESS SYSTEMS GROUP (UK), succeeding Mr. Dennis Kennedy, who has been promoted to a senior appointment with ITT Business Systems and Communication Group, Europe, based in Brussels. Mr. Foord has been general manager of the group's data systems division. Mr. Kennedy goes to Brussels as group director for Voice Communications and remains on the Board *of ITT Creed as deputy chairman.* Mr. John A. Freer has become managing director of ITT Creed, having been general manager.

★

Mr. R. P. Beamont, director of BRITISH AEROSPACE Warton Division Flight Operations and of Panavia Flight Operations, has *relinquished his Warton* divisional directorship to devote full time to his Panavia responsibilities. Mr. Paul Millett, Warton's executive director, flight operations will take over Mr. Beaumont's British Aerospace responsibilities in Warton division.

★

Mr. Patrick Millet has joined BASS EXPORT as sales director responsible for Eastern and Western Europe.

★

Mr. R. A. Pargeter has been appointed a director of the HIGHGATE AND JOB GROUP.

★

Mr. J. H. L. Smith and Mr. R. A. Craske have been appointed executive directors of CHARLES EARLY AND MARRIOTT (WITNEY), *responsible for home trade* sales and for export sales, respectively.

Mr. Rex E. Nelson has been appointed a director of the EXCHANGE TELEGRAPH COMPANY (HOLDINGS), the parent company of Extel. He is a director of the Exchange Telegraph Company, one of the principal subsidiaries, and is general manager of that company's engineering division. Mr. Frank O'Shanohun has become chairman of Extel Advertising and PR. He succeeds Mr. John P. R. Glyn, who has retired from the board. *Mr. O'Shanohun has been deputy* chairman for the past year. Mr. David Harrison, managing director of Frank O'Shanohun Associates, general public relations division, and Mr. George Welham, a director of Extel PR, financial public relations division, have been made directors *of* Extel Advertising and PR.

Mr. Rex Nelson

★

ALEXANDER HOWDEN GROUP has made the *following* appoint*ments: Sphere Drake (Underwriting)*: Mr. R. J. Bromley, deputy chairman; Mr. T. J. Newson, Mr. A. A. Williams, Mr. P. H. Chilton, Mr. D. B. Newsome and Mr. G. R. Digby, managing directors; Mr. G. B. Walden and Mr. D. W. Nicholson, directors. Arpel Underwriting Agencies: Mr. J. A. Turner, chairman, and Mr. S. N. Jones, a director. Trimark Underwriting Agencies: Mr. Jones, man*aging director. Solar Underwriting* Agencies: Mr. C. H. Bohling, managing director.

★

After consultation with the Confederation of British Industry, the Treasury has appointed Mr. Eric Swainson as a member of the REVIEW BOARD FOR GOV*ERNMENT CONTRACTS. He re*places Mr. J. L. King, who recently retired from the Board. Sir William Slimmings and Sir Alex Cairncross have accepted reappointment to the Board for a further three years. Sir William continues as chairman. Mr. Swainson is managing director of Imperial Metal Industries.

★

The Secretary for Industry has appointed Mr. John Chalmers as *a part-time member of the Board* of BRITISH SHIPBUILDERS. Mr. Chalmers is the general secretary and chief official of the Amalgamated Society of Boilermakers Shipwrights Blacksmiths and Structural Workers. He is also chairman of the Shipbuilding Committee of the Confederation *of Shipbuilding and* Engineering Unions.

★

Mr. Harry Mallinson, managing director of Wordplex, has been appointed managing director of AES-WORDPLEX, the newly-formed company of Canada Development Corporation. Mr. Mallinson was *formerly director of* management services at British Rail.

★

Mr. I. J. Burville has been co-opted a director of WILLERBY CARAVAN COMPANY.

★

The Science Research Council and Department of Industry have appointed Dr. J. F. Wallace as director of the TEACHING COMPANY SCHEME.

★

Mr. John W. James will be joining the METAL CLOSURES GROUP as general manager of its UK *operations from* September 11. He was formerly managing director of GKN Windsor UK and a director of the holding company, GKN Windsor.

★

Mr. Robert Roote, formerly director and group works manager, has been appointed *managing* director of COMBINED OPTICAL INDUSTRIES. Mr. Andre Lukins, who was financial controller, is now director and financial controller.

★

Mr. K. W. Cook has been appointed to the Board of PYE HOLDINGS. He is director of *finance and planning* at Philips Industries in London.

★

Mr. I. A. C. Brown has been appointed as a director of the BRITISH INTERNAL COMBUSTION ENGINE RESEARCH INSTITUTE.

★

Mr. W. W. Kinkead, formerly general manager and a director of W. and T. Avery, has been appointed managing director of that company. Mr. E. J. Rees, previously general manager and a director of Avery Export, is now managing director of that concern. Both companies are subsidiaries of AVERYS.

★

Mr. Charles Andrews has become EMI resident director in *Iran, reporting to Mr. P. E. Brown,* regional director, Middle East and West Asia. Mr. Andrews succeeds Mr. John Forrest who will be taking up an appointment in South-East Asia.

HOME CONTRACTS

£4.5m work awarded to Amey Roadstone

AMEY ROADSTONE CONSTRUCTION has received orders for projects totalling about £4.5m. The Property Services Agency has accepted its £2.45m tender for construction of a skill centre at Slough. Work has commenced on repair and resurfacing of the M1 *in Derbyshire for the County* Council, under an order worth £780,000. The British Airports Authority has placed an order valued at £1.2m for construction of a car park at Gatwick Airport, where ARC is currently working on a new concrete apron.

★

WESTINGHOUSE BRAKE AND SIGNAL COMPANY has won a £2.4m contract for a supervisory control and data acquisition system to cover all the Southern Electricity Board's distribution areas. This is said to be the largest telecontrol contract for the electricity industry so far placed *in Britain.*

★

MITCHELL CONSTRUCTION, part of Tarmac, has received a *contract worth more than £2m for* the redevelopment of British Sugar's factory at Peterborough, to enable it to produce white *granulated sugar for the first* time. Work will involve the erection of sugar processing buildings and two large silos.

★

FLETCHER SUTCLIFFE WILD, part of the Booker McConnell Group, has won a third share of the National Coal Board conveyor structure contract for the three years 1978-80. The contract, now awarded on a three-year basis, *covers three-quarters of the NCB's* total requirements, and FSW's share will amount to more than £2m *in 1978.* In addition, it has been awarded a third of the remaining quarter of the NCB's requirements for 1978 only. A second NCB order has been received for the company's centralised pumping station, for installation at Thurcroft colliery in Yorkshire (the first order was for Donisthorpe colliery). These stations are worth about £50,000 each.

★

RENOLD has been awarded orders *worth £100,000 for high* performance stainless steel chains by Fairey Engineering, for use in control rod mechanisms at Dungeness B nuclear power station.

★

NOISE REDUCTION, Eastleigh, Hants, has won a £90,000 contract *to treat* BPs Alpha, Bravo and Delta platforms in the Forties Field. Work will involve fitting special high acoustic performance, *low-weight cladding to piping in* the natural gas liquification plant.

★

PYE BUSINESS COMMUNICATIONS *has received an order from* Kellogg Company of Great Britain for the installation of a Pye/Philips UH900 electronic telephone system worth about £140,000. This will be installed at Kellogg's head office in Manchester and will also tie-in their new plants at Wrexham and Irlam. It will have 40 exchange lines and 300 extensions, with three operator positions.

BOOKS

...Eden's aide BY C. P. SNOW

...Var Diaries of Oliver Harvey ...1-1945 edited by John ...vey. Collins. £10.00. 399 ...es

...sn't necessarily dangerous ...p a diary, but it is certainly ...rous to publish one. That is ...ularly true of persons in ...places. Think of Alanbrooke ...ther people who in the last ...cquired a behind-the-scenes ...ation for supreme and lofty ...m. Such reputations don't ...ly last long. Almost none of ...survive the publication of ...s.

...ries are merciless, not to ...dgements, which anyone ...be expected to have made, ...the prettier human frail... vanity, malice and, above ...agging egotism. The extra...ary feature of Oliver ...ey's diaries—this war diary ...precisely the same tone as ...instalment called *The ...matic Diary, 1937-40* — is ...they are singularly free ...any such signs of thorns in ...esh. He seems to have been ...rmally untroubled by the ...tions of self. Possibly he ...more inner confidence than ...men. He was intelligent, ...ually candid about bitter ...s, and strong minded. A ...more Harveys somewhere ...the centres of decision, and ...hould have done better in ...ast war and afterwards.

...en this war diary opens, he ...forty-seven, a professional ...mat who, since the fall of ...ce, had been half-employed ...e Ministry of Information. ...ony Eden was just about to ...ne Foreign Secretary and ...l Harvey to return to his old ...as his Principal Private ...tary. This was, in fact, an ...ntment not appropriate for ...n so senior in the Foreign Office. Harvey had been Minister in Paris in 1940. He didn't hesitate. He admired Eden and thought he could be a useful aide. He was a dedicated Englishman, and would have done anything to see the war won and a decent society afterwards.

Just before the war he had been Private Secretary to Halifax and had seen more than enough of appeasement and those who had promoted it. He came himself from the privileged classes, but he had no doubt that in circumstances like those in France in 1940, too many of his acquaintances would have been ready to collaborate.

Not Churchill. Not Eden. They were resolute about the main issue and on that united, though, as the diary proceeds, we find them constantly arguing about almost everything else. Much of the diary is a day-by-day and naked record of this curious relationship. Harvey thought at the time, and the evidence is strong, that in most of those arguments Eden was right. He comes out of the story very much better than out of recent accounts of Suez. The flaws are there, or there in embryo, since Harvey didn't shirk any kind of truth. Touchiness, self-regard, absolute incapacity to let anyone share in the top decisions (Cranborne, Richard Law were at hand, more than competent, capable of keeping him from exhausting himself). Bouts of dithering, lasting weeks or months — should he or should he not go off to become Viceroy of India? Health always too fragile for a major politician. Nevertheless, Harvey believed that Eden, plus Ernest Bevin and the cream of the Labour Party, were the best, or only hope, of post-war Britain. Very oddly, none of them, up to the 1945 election, imagined that there was the slightest chance of a Labour majority. Bevin dismissed the bare idea.

Possibly Harvey, cool-headed as he was, exaggerated Eden's strength and social imagination. Confidential secretaries, advising on terms of personal equality, often tend to see superlatives in their bosses which aren't really there. Certainly Eden didn't carry the weight to prevail against Churchill. To be fair, very few men would have done. Beaverbrook, through his impish and demonic force, sometimes did. Bevin also, through an ego as massive as Churchill's own.

It was a pity that Eden couldn't win Churchill away from the occasions when he succumbed, only too enthusiastically, to American pressure. Often the Americans were dead right, as about major strategy, and then let Churchill harangue them out of it. On lesser things, the classical example being the dealings with the French, Churchill started right and then became more American than the Americans. For some reasons which have never been completely explained, the Americans were certain that the Vichy Government was a reasonably good thing and had support from the whole population of France. That simple faith lasted almost to the end of the war. It was supported by advice, both idiotic and culpable, from Admiral Leahy and Robert Murphy.

As a consequence, de Gaulle was a very bad thing. Further, it was another article of faith that the French loved the Americans, as had been demonstrated by Lafayette, and would fall into their arms, while the French hated the wicked British, who must be excluded from any control. Cordell Hull believed this nonsense with something approaching deranged obstinacy. So did Roosevelt, who was a master-politician, but over confident, ill-read and ill-informed. Eden, who knew a great deal about European affairs, didn't believe a word of the American doctrine. Churchill came to adopt it. The Anglo-Americans paid a substantial price for it in the war itself, but a much heavier one afterwards. Of all men, de Gaulle wasn't given to forgiving old injuries. Nor was the new generation of Frenchmen. If it is possible to be more unpopular in France than the British are, the Americans have in the last decade achieved that distinction.

Harvey's diary is packed with stories and insights of this kind, some surprising, a good many desolating.

Oliver Harvey

Varieties of love BY ISABEL QUIGLY

Laughable Loves by Milan Kundera. Translated by Suzanne Rappaport. John Murray, £4.95; 244 pages

The Patriot, by Lima Barreto. Translated by Robert Scott-Buccleuch. Rex Collings, £6; 216 pages

Crosstalk, by Dennis Blondworth. Secker and Warburg, £4.90; 320 pages

Laughable Loves contains seven short stories and a rather aged introduction by Philip Roth. Both he and an equally aged note from the American edition say that the stories' author still lives in Czechoslovakia, whereas the jacket, being four years ahead of them, says that he now lives in France and teaches at the university of Rennes. I know that offset litho printing means repeating exactly what's there, but four-year-old information, if you happen not to have the jacket, may be confusing.

However, there are still the stories, and very good they are, in a way that mixes all kinds of harsh or slippery qualities with tenderness and, more importantly, gloom with laughter. The fact that they were writen before 1969, when Kundera was in his own country, means that while the laughter (where there is laughter) and the feelings are universal and recognisable, the social settings are (sometimes disconcertingly, in the context) those of east Europe. Politics don't enter them explicitly (except in one), but there is a kind of political weather, a quality in the light.

All the stories deal with erotic situations of one sort or another, illustrating the bleakness and the amusement to be found there, the endless variety of response and reaction to this or that event: feeling, person, attitude. In two or three, the central figure is a voracious hunter, a Don Juan seeking not merely pleasure but all kinds of feelings of reassurance and obscure self-justification. In "The hitchhiking game," sexual games are used to define identity: a pair of lovers, the girl shy and virtuous, the man loving her for these qualities, pretend to be hitchbiker and lift-giver, the girl thus assuming another personality, which the man insists on finding is a whole new nature. "I am me, I am me, I am me," she is left sobbing by the end. In "Edward and God" a girl who has found in religion a means of opposition to official ideas persuades her admirer to church on the way to her bed but disappoints him when, at long last, she gives herself to him: a subtle tale in which the philosophical and the erotic overlap and even mingle.

In *The Patriot* it scarcely exists at all, though marriage has a central social importance. This is said to be the finest work of Lima Barreto, a Brazilian mulatto whose life was short and sad. He was born in 1881 into a land where slavery was to exist for another seven years and died, mainly of alcoholism, in 1922. In a foreword Antonio Olinto says that Barreta's ideas had a deep influence on young Brazilian writers in the thirties, all of them highly nationalistic and determined to learn the Tupi language, like his hero, and to write stories and poems in it. "A Brazilian Don Quixote" (as someone has called it), *The Patriot* tells, in a gentle tone, full of subtle asides and ironies, the story of Policarpo Quaresma, civil servant, who, at around 50, explodes into a fervent patriotism, the result of years of loving research into the "true" ways of Brazil—that is, of its non-European past. He becomes an addict of folk-song, folk customs, and the indigenous Tupi language; throws up his job to run a farm where wholesome living will provide the good life, the patriotic answer to fertilisers and foreign ways.

But everything goes wrong. The neighbours sneer, ants attack his crops, shopkeepers rook him, and when he rushes back to Rio to help put down a revolution he is clapped into prison and his old friends—all but two—desert him. Around him flows Brazilian middle-class life, suburban yet (to us) exotic in its tameness, its pretentions, its men determined to do well through rich marriages and bootlicking, its girls singlemindedly absorbed in the need to get married (one, whose young man vanishes, dies from sheer terror at the prospect of spinsterhood).

Then comes Quaresma's time in the country, an ecologist before anyone else was a greenhorn farmer bitten by ants, invaded by beetles, swindled over his avocado pears. And finally, there's his heroic phase as a soldier, supporting the man he thinks "a combination of Louis XI and Bismarck," who turns out to be an idler and a buffoon. Imprisonment, with death hanging over him, brings total disillusion, the realisation that his whole life has been based on dreams, myths, mistaken idealism.

To an outsider, *The Patriot* opens up a new world full of individual people and strange, almost nightmarish social conditions, yet with a universality, too, about the feelings, aspirations, disappointments, the whole half-bitter, half-ironic tone of the man whose life was buffeted on the one hand by domestic misfortune and on the other by the social misfortune of being coloured in a predominantly European world. The translation reads well and the translator provides an introduction setting Lima Barreta in his shadowy, clerkish world, where Portuguese ways overlaid whatever was indigenous in Rio.

Dennis Bloodworth

Crosstalk is a complex, high-powered thriller involving plenty of recent real events and the possible end of the world (through a nuclear explosion). Its main characters are busy on a scheme to set Russia and China at each others' throats by feeding each false information about the other's doings: all too successfully, since the final blow-up is planned and, only in the nick of time, defused.

Thriller-buffs may be insulted by the use of dreams-that-see-the-future to forward the plot; but the rest of the action has a realism that leads to (perhaps reluctant) belief in what happens. Max, the hero, is going through the motions of living since his wife's death in a restaurant bombing.

The agent who restores him to life is a severely dyslexic girl who, though she can't read, can remember almost anything, and combines undercover work with magical talents—cards and conjuring and vanishing tricks. The story is set in London, where familiar places are bathed in a glow from the far east (with which the author is familiar). Vivid, individual, not particularly likeable but highly plausible people are involved in intricately planned actions, clearly resolved problems. A crossword intelligence is joined to a demanding intuitiveness.

...inal hours of the Empire BY ZARA STEINER

...rialism at Bay: The United ...tes and the Decolonisation ...the British Empire, 1941-45 ...Wm Roger Louis. Oxford. ...50. 595 pages

...fessor Louis is one of those ...historians who is able to ...op a major theme without ...ning lost in his sources. ...outlines of his fascinating ...are clearly etched: his ...nents, while balanced, leave ...in no doubt about the ...gths and weaknesses of the ...figures.

...fessor Louis has already ...shed a number of studies ...e colonial and Far Eastern ...though this is his first ...sion into World War II ...macy. *Imperialism at Bay* ...n excellent account of the ...licting attitudes of the ...ish and American policy...ers toward the problems of ...nial empires in the post-war ...d. By illustrating the ...des of the leading actors ...ng from Roosevelt and ...chill to the officials in the ...and War Departments, ...nial and Foreign Offices, ...ssor Louis has provided a coherent picture of the decision-making process in Washington and London as each side hammered out its own imperial formula. Nor are the roles of New Zealand and Australia neglected; Evatt, in particular, is presented in a more sympathetic light than found in contemporary memoirs.

On both sides, there were sharp internal disagreements about what was to be done with colonies, particularly the former mandates, in the post-war world. Apart from Churchill, who insisted that not an inch of territory nor a single degree of control was to be yielded to anyone, the range of opinion in London extended from experts outside and in the Foreign Office who favoured an international trusteeship system to Colonial Office officials who fought for the retention of existing rights and deplored the creation of an international body which would expose Britain to the scrutiny of a "motley assembly."

When under attack from the American anti-imperialists, divisions were forgotten and Labour and Tory ministers united in their defence of the British imperial record and the need to preserve the British Empire after the war. At Yalta, Churchill was forced to give way to Roosevelt; the American trusteeship programme was accepted, the Colonial Office formula for a far looser post-war scheme permanently buried.

But the Americans, too, had their internal disagreements which may explain why the Yalta proposals were far less radical than the de-colonisers would have liked. Roosevelt was a consistently harsh critic of British imperialism and Churchill's views only confirmed the President and the American public in their belief that the British would take what they could and yield no territory that they already held.

In American official circles, too, there was considerable hostility towards British colonialism and a general feeling that the British record was even worse than the French or Dutch. India was an emotive point; so was the British position in South East Asia. As so often in Roosevelt's case, however, the President had no clear post-war strategy in mind and he was subjected to contrary advice from the many committees considering the colonial issue. Increasingly, he was torn between his natural sympathies for a group of State Department advisers advocating a system of international trusteeship with a declared promise for independence as well as self-determination and his army and navy chiefs who insisted on the necessity of acquiring strategic bases in the Pacific. The "lion and the fox" wanted the best of both worlds, to end colonial empires and to safeguard America's security.

It is hardly surprising that Oliver Stanley and others were convinced that the Americans had their own imperial ambitions which allowed room for compromise. One of the by products of Professor Louis's often dramatic story is the evidence for a change in American official thinking at the time of Roosevelt's death when considerations of future Soviet strategy began to dominate post-war planning circles. At San Francisco, due to the efforts of Harold Stassen, the United States sided with the colonial powers and the trusteeship formula incorporated in the Charter hardly represented the anti-colonial banner under which Roosevelt intended to sail.

The British had given way to the Americans but the actual price paid was exceedingly low. The decisions reached in 1945 tended to prop up rather than to destroy the British imperial system. The causes for that breakdown lay elsewhere, in forces which Roosevelt as well as Churchill seriously under-estimated.

Professor Louis has handled one of the key themes of our time with a firm hand. The colonial issue had wide ramifications; this book touches on the Roosevelt-Churchill partnership, the broader question of Anglo-American relations, the beginnings of the Cold War and the vexed problem of economic hopes and fears.

Murder most plausible BY WILLIAM WEAVER

Last Will and Testament by Elizabeth Ferrars. Collins. £3.75. 192 pages

Counterstroke by Andrew Garve. Collins. £3.75. 182 pages

A Madness of the Heart by Richard Neely. Constable. £3.95. 278 pages

The engaging thing about the novels of Elizabeth Ferrars is that the characters seem almost familiar. The not-quite-young-woman, unhappily separated from her unreliable husband, resembles someone who used to live over the road; and even the eccentric, rich old lady, whose death sets off a series of family disputes and disasters, could have been patterned on a former resident of our town. Thus, in the midst of these almost normal surroundings, these almost ordinary people, murder itself appears less unlikely, downright plausible, like its ingenious, apt solution. The narrator, this time, is an immediately engaging woman; but her charming, feckless husband is a real and successful invention. The author not only describes his charm; she demonstrates it. And in the end, the reader also succumbs.

Robert Farran is an out-of-work actor and, more tragically, a widower. He is also an eerily gifted impersonator, and so it is not surprising that he offers himself for a nearly impossible job: taking the place of an imprisoned killer in order to rescue an innocent hostage from the killer's gang. As usual, Andrew Garve is concise and totally coherent. Not a word is wasted, and the suspense is fierce.

Richard Neely begins with a story of neat, domestic horror, a husband, a mentally ill wife, and a neighbourhood rapist (the milieu is New York). All this is deftly laid out, and the protagonist-husband is persuasive, sympathetically imperfect, aware of his defects. Police and protagonist combine, uneasily, to seek out the sex maniac; but then—without much justification—the author pulls off a Hitchcock surprise ending, which spoils what has gone before. Unsatisfactory and unfair.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output engineering orders, retail sales volume (1970=100); retail sales value (1971=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1977							
1st qtr.	103.2	105.3	109	103.3	216.4	1,330	na
2nd qtr.	101.9	103.0	106	102.5	222.0	1,330	165
3rd qtr.	102.8	103.8	106	104.3	234.2	1,418	151
4th qtr.	102.3	103.3	106	104.4	239.4	1,431	157
1978							
1st qtr.	103.3	104.2	98	106.3	246.0	1,409	188
Jan.	102.9	103.6	106	104.9	241.0	1,419	180
Feb	103.6	104.1	116	106.8	246.5	1,409	187
March	103.4	104.8	105	107.0	249.8	1,400	196
April	103.9	106.6	101	106.7	250.3	1,387	204
May	105.9	104.5		108.4	255.2	1,366	210
June				109.0		1,365	217
July						1,371	211

OUTPUT—By market sector: consumer goods investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1970=100); housing starts (000s, monthly average)

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1977							
1st qtr.	115.9	99.4	106.1	100.4	85.9	104.4	19.9
2nd qtr.	113.4	97.5	105.2	98.8	80.5	100.2	25.1
3rd qtr.	115.1	98.0	104.7	99.6	83.3	100.7	25.4
4th qtr.	117.2	97.5	101.9	99.1	74.8	100.0	20.7
Dec	118.0	98.0	102.0	100.0	79.0	101.0	16.1
1978							
1st qtr.	116.9	99.2	104.9	100.7	76.8	99.7	17.8
Jan.	116.0	99.0	104.0	100.0	75.0	99.0	17.4
Feb.	117.0	99.0	106.0	100.0	78.0	100.0	15.3
March	118.0	100.0	104.0	101.0	78.0	100.0	20.6
April	119.0	100.0	109.0	102.0	85.0	105.0	25.4
May	117.0	99.0	106.0	101.0	85.0	99.0	24.9

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance; oil balance; terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1977							
2nd qtr.	118.0	109.8	−794	−365	−745	100.3	14.9
3rd qtr.	124.1	106.4	+ 54	+357	−602	101.0	13.4
4th qtr.	117.9	102.6	+ 45	+486	−657	102.4	20.39
1978							
1st qtr	120.3	114.3	−574	−305	−646	105.1	20.63
2nd qtr.	122.8	110.2	−136	+224	−424	104.4	16.75
Feb.	127.4	111.3	+ 43	+132	−203	104.8	20.7
March	121.4	116.9	−279	−189	−209	104.8	20.32
April	126.1	104.3	+188	+308	−151	104.0	17.04
May	120.1	114.3	−218	− 98	−156	105.1	16.66
June	122.1	112.0	−106	+ 14	−117	104.1	16.54
July							16.74

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period)

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1977							
2nd qtr.	24.8	14.9	5.5	+769	1,290	1,047	8
3rd qtr.	28.0	10.4	20.3	+365	1,084	1,149	7
4th qtr.	23.2	12.6	8.8	+698	1,565	1,189	7
1978							
1st qtr.	24.7	24.0	17.5	+1,818	1,049	1,260	6½
2nd qtr.	8.7	15.9	21.8	+2,893	694		10
Feb.	26.8	25.5	17.9	+963	353	418	6½
March	24.7	24.0	17.5	+597	308	415	6½
April	19.1	24.7	12.6	+1,432	335	463	7
May	13.2	17.4	18.3	+1,124	212	471	9
June	8.7	15.9	24.8	+337	147		10
July							10

INFLATION—Indices of earnings (Jan. 1976=100); basic materials and fuels, wholesale prices of manufactured products (1970=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (Dec. 1971=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty	Strlg.
1977							
2nd qtr.	114.5	347.7	259.2	181.9	191.1	250.0	61.6
3rd qtr.	116.1	340.5	267.7	184.7	192.1	239.9	61.8
4th qtr.	119.9	330.6	272.1	187.4	193.3	234.2	63.3
1978							
1st qtr.	123.1	326.7	279.0	190.6	197.3	238.61	64.6
2nd qtr.		340.6	284.5	195.8	203.8	242.27	61.5
Feb.	122.7	324.2	279.2	190.6	197.3	224.86	66.0
March	125.0	331.0	280.6	191.8	198.4	238.61	64.1
April	127.2	337.4	282.7	194.6	201.6	238.94	61.8
May	129.3	341.5	284.6	195.7	203.2	250.67	61.5
June		342.9	286.2	197.2	206.7	242.27	61.5
July						237.68	62.5

* Not seasonally adjusted.

Dark continent

BY RICHARD HALL

A History of Africa by J. D. Fage. Hutchinson. £10.00 hardback. £4.50 paperback. 486 pages

The River Congo by Peter Forbath. Secker and Warburg. £7.50. 402 pages

The greatest hazard for any African historian is becoming enmeshed in contemporary politics. On the final page of his latest work, Professor John Fage says that when the economic strain of fighting colonial wars led to the 1974 revolution in Portugal "it seemed that Africans were now also extending the benefits of freedom to a European people." This could be taken merely as well-meaning polemics if the author were Basil Davidson, but is more thought-provoking when handed down as a judgment by the general editor of the eight-volume Cambridge *History of Africa*.

Perhaps one must accept that while the racial conflict is unresolved in Africa, any truly dispassionate study of the continent is out of the question. Most of the academics writing African history are white, from the former colonial powers; they have an understandable desire to expiate our past crimes, such as the Atlantic slave trade, and to compensate for the general 19th-century verdict that black Africans were just illiterate and cannibalistic savages.

African history is fundamentally unlike that of other continents which European nations "discovered" and occupied. Bolivar and Washington were the freedom fighters of the Americas; any general history treats pre-Columbian times as a prelude to white settlement, because the original inhabitants have been absorbed or decimated and their cultures submerged. But even in South Africa, only the Hottentots and bushmen might be regarded as ethnic remnants on a par with the Red Indians; the real African giant has always towered over the white minority.

Less than 100 years ago, the Berlin Conference set some ground rules for what Dr. Fage calls the "virulent" Scramble for Africa. However, the colonial powers soon became disillusioned with many of their steamy acquisitions; the Germans alone put their backs into "opening up" Africa, but defeat in 1918 quickly lost them their empire. White administrations were in truth still scratching the surface in most areas when the scramble to get out again started, as "cold war" pressure began interacting with indigenous discontent in the 1950s.

Although it may be unfashionable in liberal academic circles to say so, men such as Presidents Amin and Mobutu behave almost exactly like the tribal chiefs whose rapacity so plagued white travellers a century ago. Dr. Fage criticises the "Eurocentric" view of white penetration presented in *Africa and the Victorians*, by Robinson and Gallagher (1961). One might say that the paucity of written evidence from the other side makes it rather hard to be Afrocentric. We can only guess at what was going on in most of the sub-Saharan interior before 1800: oral tradition, scanty archaeological evidence and Arabic accounts of the Niger region are all there is to go on.

This is well demonstrated by Mr. Forbath's colourful book about the Congo. Mr. Forbath does not take us beyond the Congo estuary until well after halfway through his book; he regales us with tales from all over the continent before ringing up the curtain on Stanley's great journey. A former Newsweek correspondent in Zaire, Mr Forbath has made a breezy synthesis of all he has read that catches his fancy and does not bother with a bibliography.

In contrast, Dr. Fage provides a scholarly summary; his is a volume to refer to rather than to read through.

Yet despite their basic differences of approach, these books leave an over-riding impression. After many false starts (and thanks largely to the conquest of malaria in the 1890s) the world has managed to implant the mechanisms of change in the heart of Africa. First we gave them the Bible and gin; now it is tinned baby foods and transistors. But most of Africa's past must remain as impenetrable as its future is unimaginable.

Aiken's acuity

BY ALAN HODGE

Selected Letters of Conrad Aiken. Edited by Joseph Killorin. Yale University Press. £10.80. 350 pages

"How to find a new poetic language" was one of the subjects discussed by Conrad Aiken and T. S. Eliot when they first met at Harvard in 1908. Aiken was then aged 19 and Eliot a year older. After their Harvard days, their relationship was cordial, but intermittent. Late in life, Eliot told Stephen Spender he "always felt unhappy that Conrad Aiken had so little success as a poet. I've always thought that he and I were equally gifted, but I've received a large amount of appreciation, and he has been neglected." (This comes from one of Professor Killorin's admirable notes on the cast of correspondents.) Certainly Eliot did not publish much by Aiken, except a few reviews during the earlier years of his magazine, "The Criterion."

On Eliot, Aiken expressed his own views. In a letter of 1921 to Houghton Mifflin's editor in Boston he wrote: "Tom Eliot has had some sort of nervous breakdown and is at present at Lausanne: hybrid difficulties, I suppose, or else the severe strain of being an Englishman." A few years later, Aiken wrote to the same correspondent, Robert N. Linscott, a parody of "The Waste Land," beginning:

"Eliot is the cruellest poet, breeding lyrics under the driest dustpan, mixing memory and desire, stirring verb-roots with spring brain."

For this Collection of Letters, Professor Killorin, of Savannah, has read some three thousand and selected 245. Most of them are addressed to contemporaries, fellow poets, publishers, writers and painters. Some of the best went to Edward Burra, whose cynical view of existence was expressed with a sure touch that appealed to Aiken ever since they first met in Rye, Sussex, in 1931.

Aiken had a gift for creating a quality in the houses he occupied. Jeake's house, Rye, was one; and Forty-one Doors on Cape Cod was another (it really had forty-one doors, including those of cellars, cupboards and outhouses); his last house was in a late eighteen-century terrace on Oglethorpe Avenue, Savannah.

He enjoyed letter-writing as much as he did poetry or conversation. His style is his own natural utterance and his subject is mainly the state of writing in America and England during his life. But the tone varied greatly according to whom he was addressing; he used irony frequently, but only to those he thought would understand it.

Some of the letters are addressed to his family: the early ones to grandparents and aunts. When he was aged 11, his father, who was a doctor, shot his mother and himself. Aiken arranged for his younger sister and brothers to be kept out of the parents' bedroom and given breakfast while he reported the tragedy to the police. His brothers and sister were adopted by relations named Taylor and Conrad remained the only Aiken in that branch of the family.

Though he lived in fear of the kind of insanity that had overtaken his father, he survived because he meant to, and because he knew he had an aim in life. It was eventually rewarded by the Pulitzer and Bollingen prizes and by honourable appointments to the Library of Congress. I believe his best work began in the 1940s with "Brownstone Eclogues," and continued in "Li Po," "The Kid" and other volumes. What he wrote in later life became more pointed and concise than the flowing longer poems of his youth. When I first met him in 1947, I appeared to surprise him by telling him that as an undergraduate I had bought a copy of "Landscape West of Eden" 11 years earlier. It was one of his amiable masks to pretend that he was not read, least of all in England. The letters should be: they show an unusual liveliness about other peoples' interests and an engaging stoicism about his own.

WORLD STOCK MARKETS

Dow jumps 22.8 in very heavy trading

INVESTMENT DOLLAR PREMIUM
$2.60 to £1—100½% (100¼%)
Effective $1.9280—48⅞% (48⅞%)

STOCKS ON Wall Street bounded ahead yesterda yin the heaviest trading since early June, propelled by hopes that interest rates may peak and inflation moderate over the rest of the year.

Brokers noted that buying picked up in intensity as the stock market began to recover quickly from profit-taking on Tuesday and early yesterday. They said further buying was encouraged when the Dow Jones Industrial Average broke out abov eit sprevious closing high for the year.

Analysts said that a large number of block trades indicated institutional activity, and brokers said that the cash-heavy institutional activity, and brokers said that the cash-heavy institutions appeared to be moving as a group to catch what might be a new and significant advance in stock prices.

The Dow Jones Industrial Average, after easing to 837.50 at the outset, surged ahead to finish a net 22.78 higher at 853.49, its best closing level since August 10 last year when it ended the session at 857.04. The NYSE All Common Index advanced $1.21 to $57.82, while rises predominated over losses by 1,285 to 322. Trading volume expanded to 47.47m shares, the sixth-highest level on record and the heaviest since the 51.97m shares which changed hands on June 6. Tuesday's total was 34.81m.

Monte J. Gordon, of Dreyfus and Co., said investors have chosen "the more favourable interpretation of the near-term trend of interest rates and inflation."

This view, he pointed out, was reinforced by Federal Reserve Board Chairman Miller, who said on national television yesterday morning that he expects some slowing of inflation in the second half of this year and hopes to see a "topping out" of monetary policy tightening, with a plateau for a time.

Inflation has risen at more than a 10 per cent annual rate during April, May and June, but expectations that food prices may ease have raised hopes that the pace will slow in coming months.

International Business Machines featured with an advance of 12⅜ to $291½ in heavy trading after hitting a new high on Monday—on Tuesday, IBM settled its patents suit with Xerox, which rose 2⅝ to $60, yesterday.

Exxon were active and rose 1⅛ to $48⅞, while Texaco, the most active issue, added ⅛ to $25 ex-dividend. Oil issues were mostly higher, but British Petroleum lost ⅛ to $16⅛ in active trading — the UK announced plans to raise taxes on North Sea oil in January.

Among Retail issues, Sears climbed 1⅛ to $25⅜, K Mart 1⅜ to $28⅜ and Associated Dry Goods ⅜ to $21⅛.

Digital Equipment moved ahead 3⅞ to $53⅛, Polaroid 2⅝ to $51, Kodak 4½ to $65½. United Technologies, which is buying back $150m worth of its securities, 2⅞ to $50, Du Pont 6⅛ to $127, a new high for the year, and Teledyne 5⅞ to $112⅛.

Active UAL gained 2⅜ to $39⅞, TWA 1⅛ to $27⅜ and Braniff ⅛ to $17⅛—all three reported higher July traffic.

Colonial Stores added 2⅛ to $33⅞—the directors are recommending shareholders to accept Grand Union's sweetened offer of $35 a share.

Coca-Cola reported higher second-quarter net profits and added ⅛ to $43⅛.

THE AMERICAN SE Market Value Index strengthened 2.01 to 156.38 on heavy volume of 5.34m shares (3.82m).

Canada

Shares made further good progress across a broad front in another large turnover. The Toronto Composite Index climbed 9.8 more to 1205.39, its highest point since March 29, 1974. Metals and Minerals moved ahead 22.3 to 1,019.2, Oils and Gas 17.5 to 1,557.9, Golds 6.8 to 1,586.1, Papers 1.44 to 128.70 and Utilities 1.61 to 183.08, but Banks eased 0.27 to 283.49.

Noranda "A" jumped 3⅞ to C$33⅜ and Imperial Oil "A" put on ⅜ to C$20⅛—the companies are negotiating a farm-in agreement on Noranda's oil and gas properties.

National Sea Products "A" rose C$3 to C$42, Candel Oil C$1 to C$17 and Emco ⅛ to C$8⅜—all reported higher earnings.

Tokyo

Market sustained a sharp further reaction yesterday, undermined by the U.S. dollar's continued fall against the yen.

The Nikkei-Dow Jones Average retreated 34.50 more to 5,550.82 and the Tokyo S.E. index receded 2.32 to 420.01. Volume was a reasonable 280m shares (400m).

Export-orientated Electricals, Vehicles and Cameras led the fall, followed by Populars and Blue Chips. Sony lost Y60 to Y1,510, TDK Electronics Y100 to Y2,120, Nissan Motors Y30 to Y735, Canon Y10 to Y440 and Honda Motor Y31 to Y537.

Towards the close, major Investment Trusts bought some Populars, attracted by the lower price levels, but the recovery failed to gather momentum.

However, investors hunted stocks of Electric Power producers on expectations that such companies, which import a large amount of crude oil, will make heavy foreign exchange gains due to the yen's rapid rise.

Lower-priced Chemicals were also selected, as were domestic industry-related issues, like Drug stocks.

Tokyo Electric Power rose Y60 to Y1,200, Japan Synthetic Rubber Y55 to Y325, Hisamitsu Pharmaceutical Y50 to Y1,130, Kansai Electric Power also Y50 to Y1,260, Toyama Chemical Y48 to Y759, AS Pharmaceutical Y10 to Y781, Orient Leasing Y30 to to Y1,120 and Chubu Electric Power Y30 to Y1,270.

Paris

After two days of consolidation on profit-taking, the market returned to an upward path yesterday, stocks closing broadly higher on institutional and foreign investor buying. The Bourse Industrial index climbed 1.0 to 75.5.

Sentiment was boosted by a cut in Call Money from 7¼ to 7⅛ per cent, and some money dealers stated that Call Money could fall to 7 per cent today as the market is very liquid.

Steels, Stores and Electricals were the strongest sectors.

Creusot-Loire, Denain, Europe 1, BHV, Paris-France, Signaux, Moet-Hennessy, Cetelem and Leroy-Somer all put on more than 6 per cent, but declining against the general trend were Imetal, CCF and Silic.

Germany

Stocks were inclined to relinquish a little more of their recently gained ground, bringing the Commerzbank index down 4.2 to 811.4.

Against the weak overall trend, however, Stores mainly improved, with Karstadt gaining DM 1.50 and Kaufhof DM 1.

AEG lost DM 1.40 in otherwise fairly steady Electricals following publication of its largely pessimistic forecast for second-half of 1978 trading results.

Motors were mixed, recording movements ranging to around DM 1 in either direction. Bayer lost DM 1.30 in Chemicals.

Public Authority Bonds showed renewed weakness with falls of up to 50 pfennigs occurring. The Regulating Authorities bought a nominal DM 5.5m of paper, double the previous day's DM 2.7m purchases. Mark Foreign Loans, however, held steady.

Australia

Industrials were again firmer for choice, although BHP reacted 10 cents to A$7.76 on profit-taking.

ICI Australia hardened 3 cents to A$2.20, Carlton United Brewery 5 cents to A$1.75, and Woolworths 2 cents to A$1.62, but David Jones came back 4 cents to A$1.16. CSR, particularly buoyant of late, retreated 10 cents to A$3.18 in the Sugar sector.

Among Banks, CBC improved 7 cents to A$1.80 and National Bank 3 cents to A$2.48, but ANZ shed 3 cents to A$3.16.

Mining issues showed a downward tendency, with Renison Tin losing another 20 cents to A$10.00 and MIM 3 cents more to A$2.20.

Among Uraniums, Peko-Wallsend, still on the disappointing six-months' production figures, receded 6 cents to A$5.90 for a two-day fall of 18 cents. Queensland Mines reacted 10 cents to A$2.90 and Kathleen Investments 5 cents to A$2.55, but Pancontinental strengthened a further 20 cents to A$17.00.

Coals had Utah down 10 cents more at A$4.15 and Coal and Allied 4 cents off at A$4.70, but Central Norseman, in Golds, closed 25 cents higher at A$10.30 on the strong Bullion price.

Johannesburg

Following the recent active advance on the strength of the Bullion price, Gold shares became much quieter yesterday with prices declining on early selling and then holding steady at the lower levels. Dealers noted that operators were holding positions ahead of the IMF auction.

Mining Financials were occasionally weaker in line with gold producers. Elsewhere, De Beers came back 10 cents to R7.05 on U.S. selling.

Asbestos issues featured firmly, but the rest of the Minerals and Metals sectors were in dull mood.

The Industrial market continued to make upward progress.

Hong Kong

Profit-taking caused share prices to react after an initial fresh rise to leave a mixed appearance at the close following further heavy trading. Overall turnover totalled HK$145.81m, exceeding Tuesday's HK$142.79m, while the Hang Seng index was finally 0.17 easier on the day at 592.96.

Among Blue Chips, Hutchison Whampoa ended 5 cents off at H$6.40, while Jardine Matheson, Swire Pacific and Wheelock closed unchanged at HK$16.40, HK$9.25 and H$3.275 respectively. However, Hongkong Bank and Hong Kong Land gained 10 cents apiece at HK$20.10 and HK$10.70 respectively.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. Φ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. ≠ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

NEW YORK

CANADA

† Bid. ‡ Asked. § Traded. ¶ New stock.

Indices

NEW YORK — DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

MONTREAL

TORONTO

JOHANNESBURG

WEDNESDAY'S ACTIVE STOCKS

GERMANY ♦

TOKYO ¶

AUSTRALIA

BRAZIL

AMSTERDAM

BRUSSELS/LUXEMBOURG

OSLO

JOHANNESBURG

PARIS

SWITZERLAND ●

COPENHAGEN ♣

STOCKHOLM

MILAN

VIENNA

SPAIN ♥

EUROPEAN OPTIONS EXCHANGE

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10½ %
Barclays Bank	10 %
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't. Trust	10 %
Capitol C & C Fin. Ltd.	10 %
Cayzer Ltd.	10 %
Cedar Holdings	10½ %
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	11 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
Corinthian Securities	10 %
Credit Lyonnais	10 %
The Cyprus Popular Bk	10 %
Duncan Lawrie	10 %
Eagil Trust	10 %
English Transcont.	11 %
First Nat. Fin. Corpn.	13 %
First Nat. Secs. Ltd.	12 %
■ Antony Gibbs	10 %
Greyhound Guaranty	10 %
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
Hambros Bank	10 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	10 %
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½ %
Midland Bank	10 %
■ Samuel Montagu	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½ %
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
Whiteaway Laidlaw	10½ %
Williams & Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%, 1-month deposits 7¼%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼%, and over £25,000 8¼%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7¼%.

FARMING AND RAW MATERIALS

Germans accused of breaking fish pact

BY RICHARD MOONEY

GERMAN FISHERMEN are taking large quantities of cod off Greenland in defiance of the "gentlemen's agreement" reached by Britain's eight EEC partners in Berlin in January, according to the British Fishing Federation (BFF).

The Berlin agreement, which was seen at the time as an attempt to isolate Mr. John Silkin, the British Fisheries Minister, and force him to drop his opposition to the proposed common fisheries policy, effectively banned the deliberate fishing of cod in Greenland waters for conservation reasons.

But in May the BFF alleged that the Germans were catching at least 1,300 tonnes of cod a week in these waters and published evidence in support of this charge. In response to the allegation, which attracted the interest of the EEC Commission as well as the UK Ministry of Agriculture, the Federal Government reinforced its instructions to German fishermen not to catch cod off Greenland, except as a permitted by-catch with other species (mainly redfish).

The BFF claims, however, that the "illegal" fishing has continued unabated and now puts the total tally since the signing of the Berlin agreement at more than 60,000 tonnes. The only result of the new government directive, the federation says, has been a more circumspect approach to catch reporting by the "poachers." They now register the cod as caught at Greenland plus North Sea or Faroes rather than just Greenland. This is seen as a further attempt to cloud the issue.

In London yesterday Dr. Alois Baier, agricultural councillor at the West German embassy, said his Government held to the agreement reached in Berlin. But he admitted that some captains were suspected of catching Greenland cod in excess of by-catch limits. Investigations have begun and any offenders will be severely dealt with, Dr. Baiser said.

The Germans are clearly angry that their negotiating position on the EEC fisheries question should be undermined in this way. The UK was not party to the Berlin agreement but licenses to fish for Greenland cod have not been issued by the Ministry of Agriculture and Mr. Silkin can be expected to make great play of the fact that Britain has been more assiduous in the observation of the terms of this agreement than has one of its main proponents.

It is not surprising, therefore that the eGrman's embarrassment over this issue has been fully matched by glee in Whitehall.

The UK Ministry of Agriculture and Fisheries is seeking further information on the matter through the Bonn Embassay and the EEC Commission is also believed to have stepped up its investigations.

There is little the Commission can do officially as it was not formally involved in the "gentlemen's agreement" in the first place. But it can be expected to be very active in seeking to persuade the German authorities to bring their fishermen to heel. Meanwhile the British Government is likely to wring the last drop of Teutonic embarrassment out oft he situation.

Price support fund plan boosts coffee market

BY OUR COMMODITIES STAFF

A PROPOSAL for the establishment of a $1bn coffee price support fund, financed by producers, triggered a shap upturn on the London futures market yesterday. Prices fell heavily in the morning, continuing this week's "bearish" trend, and the November position sank more than £80 to £1,085 a tonne at one stage.

But news of the support fund proposal brought a dramatic turnround in sentiment and all the morning's losses were recovered at one time. December coffee reached £1,175 a tonne but late profit-taking trimmed the price to £1,137 a tonne, down on the day.

The price support scheme was proposed by leading producers who are in London at the moment for an International Coffee Organisation executive board meeting. They are reportedly considering a donation of $150m each and as six or seven countries are believed to be involved the total value could reach $1bn.

Producers are currently very anxious to promote a stronger tone in the world coffee market following a 40 per cent fall in London prices in the past two months. A a call by the Colombian delegation to the ICO talks for the immediate imposition of export quotas has made little headway and the producers are now searching for other ways to improve their prices.

They are reported to be seeking a "floor" to the market at 150 cents a pound—world prices are currently a little over 120 cents and the present ICO "floor" price is 77.46 cents. Surprisingly, this demand has found favour with some of the smaller consumers and the producers are evidently much heartened by support from this unexpected source.

Leading importers at the London talks have meanwhile been pressing exporting country delegations to be more specific about their proposals for negotiating a system of indicator prices and quotas at next month's International Coffee Council session.

The importers, who were taken somewhat by surprise by Colombia's quota call on Monday, have warned that a great deal of preparatory work would have to be done before producer proposals for a new quta trigger range could be put into practice. They also warned that the level at which such prices ranges would be set was likely to provoke tough argument.

A period of stable prices at relatively low levels would benefit both producers and consumers in the long run through helping to restore world consumption levels, some importers maintain.

In Bogota, meanwhile, the Colombian Government has ordered the setting up of security committees at seaports to oversee the shipment of coffee in a move designed to crack down on smuggling, the Secretary of Information said, reports Reuter.

The committee would be made up of a senior military officer and a representative of the Colombian Coffee Producers' Federation as well as customs, port and government officials.

They will be responsible for checking the authenticity of export documents and supervising coffee loading.
Reuter

Rally in world sugar market

By Our Commodities Staff

SUGAR FUTURES prices rallied on the London terminal market yesterday. They gained up to £2.85 a tonne on the day as traders shrugged off apparently depressing news from several sources.

Reports of cheap sales of sugar to Egypt and China had no discernible impact, and the result of the weekly Common Market export tender in Brussels produced no surprises.

Traders had expected a slight reduction in the maximum level of export subsidy.

In the event the sugar management committee issued export licences for 36,750 tonnes of whites at a maximum rebate of 26 units of account per 100 kilos. Last week the maximum subsidy was 26.505 units of account.

Early in the morning the London daily price for raws was fixed £1 a tonne up at £86 in line with the more optimistic tone of the market.

Stories that China had bought four cargoes of raw sugar for $150 a tonne c and f were put down to the sale of "distressed" sugar available at a lower price than would normally be available.

Bigger Brazil soya crop forecast

RIO DE JANEIRO, August 1.

BRAZIL should have a soyabean crop next year of around 14m tonnes, about 5m tonnes up on this year, Paulo Vianna, director of the Ministry of Agriculture's Commission for Financing Production (CFP) said, according to Press reports from Brasilia.

However, the Brazilian Federation of Wheat and Soyabean Co-operatives—Fecotrigo—called on the federal Government to re-examine its support price for the 1978-79 soyabean season.

In a note to the Finance and Agriculture Ministries, the Bank of Brazil and other bodies, Fecotrigo said the increase in the support price to Cr150 per 60 kilo bag from Cr112.20 for 1977-78 will not provide sufficient funds for proper planting preparations.

Loans for growing soyabeans are based on 80 per cent of the support price, Fecotrigo noted.
Reuter

Fight to save 'natural' pinta

BY CHRISTOPHER PARKES

A CONCERTED campaign against the Government's plans to ban the sale of all unpasteurised milk in Britain—the type sold in a bottle with a green top—came to a sort of climax on the steps of the Ministry of Agriculture in Whitehall Place yesterday afternoon.

Mr. Edward Bishop, Minister of State at the Ministry, relieved Sir Henry Plumb, president of the National Farmers' Union, of a milk float full of petitions—200,000 separate forms—signed by consumers purporting to oppose the ban.

Mr. John Silkin, Minister of Agriculture ("I don't take part in gimmicks") was upstairs in his office.

The signatures, which were largely collected by milkmen working for farmers who produce and retail their own milk instead of handing over the process to the Milk Marketing Boards and the specialist dairy companies, came mostly from the north of England and Wales.

"Green top" milk, bottled on the farm is rarely seen in the south, but it provides a large part of the income of about 3,700 dairy farmers who sell some 260m pints a year.

The campaign began in August, 1975 when Mr. Fred Peart, then Minister of Agriculture, announced that to reduce the risk to public health and well-being from untreated milk, output from herds not accredited under the national brucellosis eradication scheme could no longer be sold with the green cap after August 1, 1977.

A total ban on all untreated milk would take effect by August, 1980, Mr. Peart said.

Brucellosis, a debilitating disease of cattle, which usually causes abortion, manifests itself in the form of undulant fever in humans. The ailment, difficult to diagnose, tends to produce a general and persistent feeling of depression and "liverishness" in affected humans.

The principal threat from other "greentop" milk is one of food poisoning from salmonella bacteria.

Government researchers have found clear evidence that salmonella in untreated milk has led to big outbreaks of food poisoning and paratyphoid. Medical authorities and public health administrators have told the Government that nothing short of compulsory heat treatment of milk can minimise the threat.

Questioned about his attitude during a visit to the Great Yorkshire Show last month, Mr. Silkin said that if he were a producer of untreated milk he would be campaigning too.

"But a Minister of Agriculture faced with 820 people taken ill, some seriously, over the past four years would be a nut if he did not investigate this."

He evaded the offer of a glass of the raw product, describing it as "a gimmick."

Government officials have carefully traced back several outbreaks of food poisoning and satisfied themselves that untreated milk was the prime source of the infection.

Petitioner Sir Henry Plumb arrives at the Ministry of Agriculture to pass on a 200,000-signature appeal for the Government to scrap plans to ban the sale of untreated "natural" milk.

In Edinburgh in 1973 during one outbreak 300 people were taken ill. The next year there were three outbreaks and 200 cases of food poisoning reported. The tally was the same in 1975 and durnig 1977 120 cases in two outbreaks were specifically traced to green top milk.

In its press release the National Farmers' Union cites 247 known cases of illness attributed to untreated milk in the 2¼ years between January 1976 and March 1978.

"While the figures may be significant in official health terms they are minor in relation to the consumption of untreated milk," the Union claims.

Sir Henry Plumb asked about the apparent risk to health from consumption of the milk replied "They know what they are drinking. "It's a matter of freedom of choice."

NFU officials noted that most of the farmers involved in the business were small-scale milk producers with 10 cows or thereabouts.

Many of them could be driven out of business if the Government went ahead with its plans.

The Union argues that installation of pasteurising equipment would be too costly, and many farm businesses would become uneconomic if their milk were to be sold through normal wholesale channels.

The producers would also lose their present premium. The maximum retail price of standard milk is 12½p a pint while producer retailers can sell their untreated produce for up to 13½p.

"The Government bases its policy on the belief that the drinking of untreated milk is a risk to health. We believe that the risk is no greater than that involved with the consumption of any other untreated food and that the health record of untreated milk, taken in perspective, is sound and good," Sir Henry commented.

The resistance to the Government's plan has already promoted a review. Mr. Silkin himself has said he has an "open mind" on the issue. However, the current food poisoning scare associated with canned salmon and the fact that Holland, Germany and Denmark have banned the sale of untreated milk, will serve only to fortify the case of the medical and public health authorities opposing any back-down by the Government.

Deep-sea nickel potential

LIMA, August 2

SOME 20 deep-sea mines could produce the equivalent of the present annual world consumption of nickel by the year 2000, Elliot Richardson, chief U.S. delegate at the Law of the Sea Conference said here.

But Mr. Richardson told a Press conference that main copper producers have no reason to feel concerned as the same operation would only produce 2 per cent of present world copper consumption.

Peru copper miners delay strike action

LIMA, August 2.

WORK AT most Perucian mines will halt on Friday unless the Government agrees to re-hire several hundred miners dismissed in the wake of a series of earlier stoppages, Peru's main miners' union said, reports Reuter.

The indefinite stoppage was to have started yesterday but miners' leaders decided to give the Government an extra 48 hours in which to meet their demands.

An estimated 70,000 miners are expected to stop work if the strike call is maintained.

The stoppage would affect all major state-controlled and privately-owned mining concerns as well as the copper refinery and smelters at Ilo, in Southern Peru.

Our Commodities Staff writes: The London copper market has already discounted the possibility of a strike in Peru, so there was little reaction yesterday to news of the delay in the threatened stoppage. Cash wirebars gained £5 to £721 a tonne. But trading conditions were quiet and the rise mainly reflected the overnight trend in the New York market.

Feed protein output to rise

ROME, August 2.

WORLD PRODUCTION of oilcakes and meals, including fishmeal, is expected to rise to between 42.2m and 44.8m tonnes by 1985, from an annual average in 1972-74 of 28.9m tonnes, the UN Food and Agricultural Organisation, said.

That would represent an annual growth rate of between 3.2 and 3.7 per cent, it said in a long-term study of production and trade prospects.

Total world demand for oilmeal protein is projected to grow by an annual 3.3 per cent to 42.2m tonnes by 1985, compared with 28.7m tonnes in 1972-1974.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

[illegible]

COMPANY NOTICES

ATO CHIMIE INCREASES ITS STAKE IN PLATE BONN TO 100%

[illegible]

CLUBS

[illegible]

CLASSIFIED ADVERTISEMENT RATES

[illegible]

SILVER

[illegible]

COCOA

[illegible]

COFFEE

[illegible]

GRAINS

[illegible]

MEAT/VEGETABLES

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

RUBBER

[illegible]

COTTON

[illegible]

SOYABEAN MEAL

[illegible]

PRICE CHANGES

Price per tonne unless otherwise stated.

[illegible]

FINANCIAL TIMES

[illegible]

REUTER'S

[illegible]

DOW JONES

[illegible]

MOODY'S

[illegible]

TURKEY WHEAT CROP FORECAST

ANKARA, August 2.

TURKEY is anticipating a wheat harvest of around 16m tonnes this year, with about 16m tonnes for export, according to latest official estimates.
Reuter.

U.S. Markets

Metals and cocoa ease: coffee down

NEW YORK, August 1.

COFFEE finished limit-down on disappointed Commission House liquidation. Cocoa eased on light speculative and trade arbitrage selling. Precious metals closed lower on speculative and trade profit-taking following the recent advances. Copper finished slightly higher on local short-covering activity, reports Bache.

Cocoa—Sept. 152.50 (153.45), Dec. 147.90 (148.60), March 143.85, May 141.45, July 139.30, Sept. 137.25, Dec. 135.40 settlements. Sales: 597.

Coffee—"C" Contract: Sept. 121.00-121.50 (123.46), Dec. 118.17 asked (121.17), March 110.13 asked, May 107.50 asked, July 106.00-106.50, Sept. 103.00-104.50, Dec. 102.50-103.50. Sales: 740 lots.

Copper—Aug. 62.65 (62.40), Sept. 63.25 (63.00), Oct. 63.85, Dec. 65.10, Jan. 65.70, March 66.55, May 67.90, July 68.95, Sept. 69.95, Dec. 71.50, Jan. 72.05, March 73.10, May 74.10 settlements. Sales: 3,200 lots.

Cotton—No. 2: Oct. 61.90-61.99 (62.17), Dec. 63.50-63.60 (63.85), March 65.15, May 66, July 66.75-66.95, Oct. 65.15-65.25, Dec. 65.50. Sales: 4,350.

*Gold—Aug. 201.40 (203.60), Sept. 202.50 (204.90), Oct. 204.30, Dec. 207.50, Feb. 210.50, April 214.20, June 217.60, Aug. 221.10, Oct. 224.60, Dec. 225.10, Feb. 231.60, April 233.10, June 238.60 settlements. Sales: 19,500 lots.

†Lard—Chicago loose 22.75 (22.50). NY prime steam 24.25 traded (24.00 traded).

[illegible]

STOCK EXCHANGE REPORT

Allied Breweries sale of THF stake restrains equities which looked set earlier to pierce 500 barrier

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
July 24	Aug. 3	Aug. 4	Aug. 15
Aug. 7	Aug. 17	Aug. 18	Aug. 30
Aug. 21	Aug. 31	Sep. 1	Sep. 12

* " New time " dealings may take place from 9.30 a.m. two business days earlier.

On course initially to break through the psychological 500 barrier, leading equities paused on the unexpected development that Allied Breweries had disposed of its 21.4 per cent stake in Trust Houses Forte to various institutions. Although the deal highlighted the city's appetite for good quality shares the amount of £48m it took out of circulation aroused a temporary disposition to await possible repercussions.

The FT 30-share index therefore eased progressively from the noon calculation, the best this year of 498.4, and during the after-hours' trade reacted further to end a net 0.2 down at 495.3. This late trend was not reflected in the *main body of secondary issues and* the FT-Actuaries All-share index moved nearer still to its highest-ever level.

Renewed investment demand in the morning session again uncovered evidence of a continuing stock shortage, but few institutional operators were interested after confirmation of the Allied Breweries deal, efficiently completed in less than half an hour. Nor did the rise in UK official reserves, the first since January, restore the earlier air of confidence.

Another deterrent arrived late in the evening with the increase in Petroleum Revenue Tax from 45 to 60 per cent. This disturbed the oil sector which, in a flurry of activity, quickly shed marginal firmness to close widely lower—although prices often settled slightly above the worst.

Some Gilt-edged traders considered the latest reserves slightly disappointing but market sentiment was not affected and the shorts, demonstrating pleasure with less tight conditions in money markets and hopes of a small fall, perhaps today, in Minimum Lending Rate, traded quite briskly. Given an extension of the upturn, which yesterday brought gains ranging to ⅝, the *near-short tap Exchequer 10 per* cent 1983 could become operational again.

A moderate two-way business in investment currency comprised mainly institutional demand and arbitrage selling. In response to the former, the premium rose to 101¼ per cent before drifting back *to close only ¼ higher on balance* at 100¾ per cent. Yesterday's SE conversion factor was 0.6708 (0.6707).

Yesterday's total of 638 contracts completed in Traded Options showed a 41 per cent reduction on the previous day's figure of 1,090. Land Securities *attracted a fairly good business,* however, recording 184 contracts, 115 of them in the October 240 series, while the prices of the October 180 and 200 series improved around 3 apiece to 58½p and 38p respectively. ICI followed with 121 trades and Cons. Gold, Tuesday's star performer, recorded 113.

Recent newcomer Eurotherm made steady progress and firmed 6 to 168p.

Still reflecting publicity given to a couple of brokers' circulars, Composite Insurances made further progress but closing gains were smaller than on Tuesday. Phoenix firmed 4 to 264p and Royals 2 to 388p. General Accident also edged forward 2, to 230p; the interim results are due next Wednesday. Lloyds Brokers closed firmer for choice with Sedgwick Forbes notable for a rise of 10 to 447p.

Merchant Banks met scattered selective support. Kleinwort Benson were wanted ahead of the forthcoming interim results and rose 6 to 104p, while Hambros added 4 at 164p and Manson Finance gained 3 to 52p.

Breweries were featured by activity in Allied following the announcement that the company had sold its 21.4 per cent holding in Trust Houses Forte; Allied's shares were briskly traded up to 93½p before settling at 93p for a net gain of 2½. Vaux stood out at 129p, up 9.

Saint Piran were marked 3 lower at 53p following the City Take-Over Panel's decision to waive the requirement of a full bid for Orme Developments providing Saint Piran sells its recently acquired 1m shares within 48 hours. Comben Group, with a cash plus shares offer worth 36p already announced for Orme, shed a penny to 34p on the news. Orme, suspended at 56½p pending the outcome of the City Take-Over Panel's inquiries, are expected to return to the market today at around 53p.

Brown and Jackson were again prominent in the Building sector, rising 10 more to a 1978 peak of 190p on continued speculative interest. Blue Circle made steady progress and firmed 4 to 269p, while Cement Roadstone and Vectis Stone both added a couple of pence to 90p and 38p respectively. Buyers came in for Timbers where *International,* 141p, and Phoenix, 170p, firmed 4 apiece, while stock shortage prompted a gain of 7 to 148p in Travis and Arnold. Richard Costain, 203p, and Taylor Woodrow, 376p, found support and put on 5 and 6 respectively.

ICI encountered a lively buying *interest and touched 396p, but* drifted lower in late dealings to finish a penny cheaper on balance at 391p. Fisons, in a similar trade, closed 4 down at 370p after initial progress to 377p.

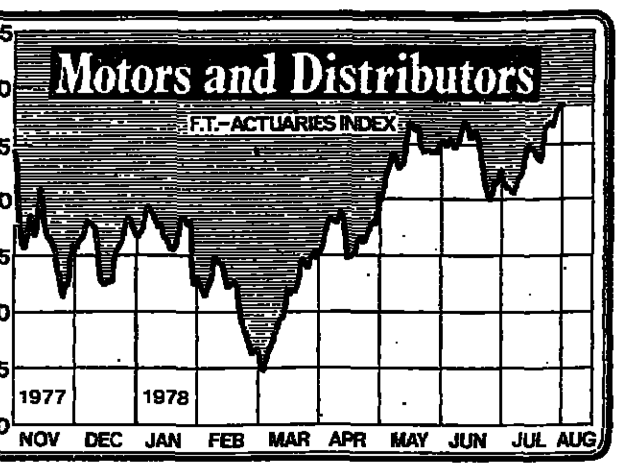
Dixons disappoint

A Press article suggesting that *the Stock Exchange council is* currently considering temporarily suspending dealings in Bourne and Hollingsworth pending the *outcome of the bid discussions* prompted profit-taking in the shares which fell away to touch 198p before closing 8 down on balance at 205p. Elsewhere, Dixons Photographic reacted 7 to 144p on disappointment with the annual results, while Aquascutum, at 48½p, lost 2½ of its recent Press-inspired rise. *As the Account neared its close, the leaders* encountered profit-taking. Mothercare were vulnerable late and closed 6 off at 168p, while Marks and Spencer ended 2 cheaper at 165p. Burton, however, remained firm; the ordinary rising 3 more to 155p and the A ending un*altered at 141p, after 142p.*

Electricals finished slightly below the best following a reasonable trade. Henry Wigfall, still reflecting trading news, rose 6 more to 244p, while further consideration of the half-yearly report lifted Westinghouse 2 further to 58p. Speculative demand in a thin market raised Electrocomponents 13 to 518p, *while Thorn Electrical, 374p, and* MK Electric, 202p, put on 4 apiece.

With the exception of Vickers, 2 lower at 179p, Engineering leaders continued firmly, particularly Hawker which added 6 more to a 1978 peak of 238p. Elsewhere, renewed buying on consideration of the group's growth potential helped *Victor Products* put on 8 to 165p, while Acrow improved a couple of pence to 118p, after 120p, following the results and proposed scrip-issue. Simon added 6 at 252p and Baker Perkins 4 to 114p, while improvements of around 3 were recorded in Davy *International,* 273p, Finsider, 10p, *Ransomes Sims and Jefferies,* 156p and Tecalemit, 144p.

News that Allied Breweries together with Sir Charles Forte had placed a substantial parcel of the company's shares with institutional investors in the market at around 225p per share generated a fair amount of interest in Trust *Houses Forte which closed 8* cheaper at 229p, after 227p.



Elsewhere J. Borel hardened 1½ points to £27½ and Brent Walker 2 to 66p.

MAMS wanted

Miscellaneous Industrial leaders closed below the best. Glaxo touched 601p but finished 3 dearer at 595p, while Beecham closed 2 better at 697p, after 703p. Firm features were plentiful among secondary issues. Mams rose 5 to 82p, after 83p, on persistent buying in a thin market and Negretti and Zambra added 6 to 90p following an investment recommendation. Gnome Photographic gained 4 to 48p after the better-than-expected annual results and Pentos, 99p, recorded a Press-inspired improvement of 3; the latter's 15 per cent convertible improved 6 points to £152. Higher profits prompted a rise of 3½ to 74p, after 75p, in RFD while Halma added 3 to 85p in response to the chairman's optimistic *annual statement.* Demand in front of today's interim figures left Hoover A up 6 at 292p, while gains of 7 and 10 respectively were *seen in Amalgamated Metal,* 340p, and ICL, 360p. Bath and Portland put on 4 to 78p and Alexander Russell appreciated 5 to 63p.

Motors and Distributors were quiet and little changed, but share prices were underpinned by reported projections of record car sales for August. Zenith Carbur*rettor featured with a rise of 7* to 99p as bid rumours revived. Associated Engineering, however, eased 2 to 110½p, news of proposed redundancies outweighing the profits forecasts contained in the formal offer documents for the takeover of Fluidrive Engineering.

In Newspapers, North Sea oil *favourite Thomson shed 15 to* 268p on the Government's decision to raise the rate of Petroleum Revenue Tax. Daily Mail "A," 350p, and Associated, 181p, were similarly affected and cheapened 8 and 4 respectively. Elsewhere, W. G. Frith were re-quoted at 86p, compared with the *suspension price of 69p, following* the agreed increased offer of 86½p per share from Frith Foils. William Sommerville put on 5 to 52p following the sharply higher annual profits.

Properties made further progress on hopes of cheaper credit terms and held the enhanced levels despite an easier tendency in late dealings elsewhere in the market. Land Securities and Stock Conversion both firmed 3 to 235p and 275p respectively, with English Property fractionally higher at 37½p.

Oils sharply lower

Oils retreated sharply on the Government's decision to increase the rate of Petroleum Revenue Tax from 45 per cent to 60 per cent, but closed slightly above the worst. Standing 4 higher at 854p before the announcement, British Petroleum fell immediately and closed 12 lower on balance at 838p, after 836p. Shell, 562p, Tricentrol, 172p, and Lasmo "Ops," 370p, were all marked 10 lower, while Oil Exploration, 210p, gave up 12. Siebens (U.K.) fell 30 to 386p.

Lonrho remained unsettled and eased 3 more to 58p following news that the company is considering legal action over the 1976-77 profit forecast made by Dunford and Elliott which it took over last year.

*Investment Trusts took Tues*day's rise a good stage further in a reasonable trade. Yeoman reflected satisfactory interim figures with a rise of 3 to 181p, while numerous gains of around 4 included Bishopsgate Trust, 184p, Brycourt, 80p, and General Funds, 173p. - In Capital issues, *Channel Islands put on 14 to 570p.*

Primrose hardened 3 to 75p following news that the planned merger with Coronation Industrial, *another subsidiary of* Tongaat, is at an advanced stage. Elsewhere in South African Industrials, investment demand enabled Gold Fields Properties and Tiger Oats to rise 4 to 84p and 15 to 595p respectively.

Golds pause

After the sharp movements earlier in the week, South African Golds paused for breath. The market started firmly but an easier tendency developed, although the *underlying firmness remained.* The Gold Mines Index was down 3.9 at 187.6.

There was some nervousness in front of the International Monetary Fund auction and, with the bullion price moving narrowly compared with Friday and Tuesday, the market lacked stimulus. The bullion price eventually closed at $203.625 an ounce for a rise of $0.75.

Some profit-taking developed, some from the U.S., but mostly from London and Europe. Price falls, however, were restricted to less than a pound, even among *the heavyweights, where* [illegible]S Geduld slipped ⅛ to £19⅞, Vaal Reefs ⅛ to £16, Hartebeest ¼ to £14¾ and Randfontein ⅛ to £38.

Among the more moderately-priced issues, Winkelhaak closed 12 lower at 827p and St. Helena shed 22 to 952p.

The easier tone in Golds spilled over into South African Financials, where the list finished mixed. There was some small trading in De Beers, causing a fall of 3 to 395p, but UC Investments attracted interest after their recent high dividend announcement, allowing the shares a rise of 8 to 262p.

London Financials drifted in quiet trading. Selection Trust retreated 6 to 436p after Tuesday's rise. Consolidated Gold Fields eased 4 to 194p, while Rio Tinto-Zinc and Charter gave up 2 to 230p and 149p respectively.

Coppers and Rhodesians were *subdued, and among the latter* Falcon slipped 1 to 165p, clouded *by the political situation, despite* higher quarterly figures.

Taking their lead from the Sydney market overnight, Australians moved a few pence lower in moderately active trading, but the steadiness of the *investment dollar premium* confined the falls. Among the leaders, Conzinc Riotinto slipped 4 to 248p. Bougainville ended 2 lower at 133p and Western Mining lost the same amount to 140p.

FINANCIAL TIMES STOCK INDICES

	Aug. 2	Aug. 1	July 31	July 28	July 27	July 26	A year ago
Government Secs	70.84	70.78	70.61	70.74	70.79	70.68	[illegible]
Fixed Interest	72.53	72.43	72.38	73.25	72.21	72.21	[illegible]
Industrial Ordinary	495.3	495.5	489.4	492.1	488.8	482.0	[illegible]
Gold Mines	187.6	191.5	183.3	183.4	173.2	170.8	[illegible]
Ord. Div. Yield	5.38	5.38	5.45	5.41	5.46	5.51	[illegible]
Earnings Y'ld%(full)(*)	16.34	16.32	16.52	16.43	16.53	16.75	[illegible]
P/E Ratio (net)(*)	8.18	8.18	8.09	8.13	8.08	7.99	[illegible]
Dealings marked	4,754	4,374	5,046	5,517	4,778	5,158	[illegible]
Equity turnover £m	—	95.48	65.11	101.71	76.18	62.98	[illegible]
Equity bargains total	—	18,669	17,782	19,416	16,463	16,556	[illegible]

10 am 497.4. 11 am 498.3. Noon 498.4. 1 pm 498.0.
2 pm 498.2. 3 pm 497.2.
Latest Index 01-246 8026.
* Based on 52 per cent corporation tax. † Nil=7.99.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs	78.58 (5/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	70.73 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (6/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	191.5 (1/8)	130.5 (2/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Aug. 2	Aug. 1
—Daily		
Gilt-Edged	130.7	[illegible]
Industries	167.8	[illegible]
Speculative	48.6	[illegible]
Totals	108.2	[illegible]
5-day Average		
Gilt-Edged	145.7	[illegible]
Industrials	173.2	[illegible]
Speculative	42.5	41.0
Totals	111.4	[illegible]

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug. 7	Aug. 14	Oct. 26	Nov. 7
Aug. 15	Aug. 29	Nov. 9	Nov. 21
Aug. 30	Sep. 11	Nov. 23	Dec. 5

For rate indications see end of Share Information Service

Stocks favoured for the call were Ferry Pickering, Coral Leisure, Thomson Organisation, Wilson Walton, Premier Consolidated Oil, Bellway, Ladbroke, Kwik-Fit, English Property, [illegible], Leboff Fobel, Mount Charlotte, Lee Cooper, Maple, Barker and Dobson, Grootvlei, Cons. Gold Fields, BP and Hawtin. A put was done in Dixon's Photographic, while doubles were arranged in Kwik-Fit, Leboff Fobel, Bellway, Premier Consolidated Oil and Thomson Organisation.

LONDON TRADED OPTIONS

Option	Exercise price	October Closing offer	October Vol.	January Closing offer	January Vol.	April Closing offer	April Vol.	Equity close
BP	750	126	—	146	—	—	—	855p
BP	800	78	5	106	—	125	4	
BP	850	48	3	76	—	95	—	
BP	900	25	33	47	—	68	—	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
ICI	£1	11	391	− 1	396	328
Allied Breweries	25p	10	93	+ 2½	94	78
Barclays Bank	£1	8	342	—	358	296
Beecham	25p	8	697	+ 2	703	583
GEC	25p	8	278	− 1	280	233
BATs Defd.	25p	7	283	− 1	396	227
Distillers	50p	7	197	—	199	163
GUS "A"	25p	7	310	− 2	314	256
GKN	£1	7	285	+ 1	286	248
Land Secs.	50p	7	235	+ 3	235	190
RTZ	25p	7	230	− 2	234	164
Tst. Houses Forte	25p	7	229	− 8	237	166
Blue Circle	£1	6	269	+ 4	272	230
Grand Met.	50p	6	117	+ 1	118	87
P & O Defd.	£1	6	87	− ½	118	83½

STOCK EXCHANGE BUSINESS IN JULY

Fall in gilts activity leads to 28% cut in turnover

BY GEOFFREY FOSTER

A much lessened demand for gilt-edged securities led to an overall fall in Stock Exchange turnover last month compared with June's eight-month high.

From June's £15.2bn, overall trade fell 28 per cent to £10.9bn, the fall partly reflecting one less trading day in July. The number of bargains increased by 13,483 to 469,612 but the average value per bargain fell by £10,042 to £23,248. The FT Stock Exchange turnover index reacted from 465.3 in June to 334.5 as against last year's monthly average of 442.6.

Business in gilt-edged contracted from June's £12.1bn to £7.9bn—its lowest for 12 months; this *sizeable fall,* over 35 per cent, reflected a decrease of £2.6bn to £4.57bn in short-dated stocks and a £1.68bn fall to £3.3bn in longer-dated and irredeemable securities.

The number of bargains done in British Funds fell by 7,121 to 58,858, with deals in longs and *irredeemables 7,570 fewer at* 34,798 but those in the shorts 449 higher at 24,060.

Sizeable falls were also seen in the average values per bargain in both gilt sectors. Deals in shorts averaged out at £189,797 (£303,625) and those in other stocks at £95,267 (£117,891). The FT turnover index for British Government Securities fell from June's 514.8 to 333.6—its lowest since the 253.7 of July 1977. Last year's monthly average was 478.8.

The FT Government Securities index drifted down to 69.02 on July 5, then rallied to 71.07 on July 25 before closing the month a net 1.09 up at 70.61.

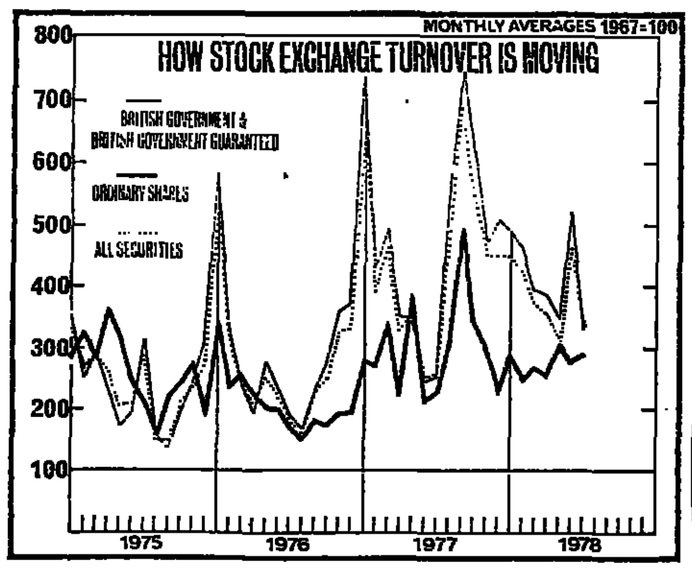
In contrast to lessened demand for gilts, trade in ordinary shares improved by £65.5m to £1.6bn. The number of bargains was up by 14,101 to 358,803, while the average volume per bargain increased slightly to £4,511.

The FT turnover index for ordinary shares improved to 288.8 which compares with June's 277.1, *May's 306.8 and the '77* monthly average of 299.9.

Investors generally remained on the sidelines initially, but prices picked up strongly later in the month with proceedings dominated by the Government's new dividend legislation which was eventually passed after much speculation on July 27. Buyers were encouraged by a combination of hopes that the new legislation might not be passed and the realisation that the new controls anyway represented some relaxation on the former limits. Stock shortage became evident on the increased demand and equity prices accordingly went sharply better.

The FT Industrial ordinary share index rallied from 452.0 on *July 5 to 492.1 on July 28 and* closed the month 28.6 points, or 6 per cent, higher at 489.4.

Gold shares were buoyant during the month in the wake of the strength of gold bullion as the U.S. dollar continued under pressure on foreign exchange markets. The bullion price closed $17¾ up on the month at $200⅜, while the FT Gold Mines index rose 24.4 to 183.3.



Category	Value of all purchases and sales £m	% of total	Number of bargains	% of total	Average value per day £m	Average value per bargain £	Average no. of bargains per day
British Govt. and British Govt. Guaranteed:							
Short dated (having five years or less to run)	4,566.5	41.9	24,060	5.1	217.4	189,797	1,146
Others	3,315.1	30.3	34,798	7.4	157.9	95,267	1,657
Irish Government:							
Short dated (having five years or less to run)	652.9	6.0	1,901	0.4	31.1	343,436	91
Others	305.4	2.8	3,217	0.7	14.5	94,928	153
UK Local Authority	313.6	2.9	8,817	1.9	14.9	35,574	420
Overseas Govt., Provincial and Municipal	13.5	0.1	1,978	0.4	0.6	6,830	94
Fixed interest stock, pref. and prefd. ordinary shares	131.9	1.2	36,038	7.7	6.3	3,661	1,716
Ordinary shares	1,618.4	14.8	358,803	76.4	77.1	4,511	17,086
Total	10,917.4	100.0	469,612	100.0	519.9*	23,248*	22,363*

* Average of all securities.

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978

NEW HIGHS (314)

BRITISH FUNDS (7)
BANKS (3)
BEERS (5)
BUILDINGS (19)
CHEMICALS (2)
CINEMAS (1)
DRAPERY & STORES (9)
ELECTRICALS (9)
ENGINEERING (20)
FOODS (6)
HOTELS (3)
INDUSTRIALS (44)
INSURANCE (6)
MOTORS (4)
NEWSPAPERS (2)
PROPERTY (15)
SHOES (1)
TEXTILES (3)
TRUSTS (152)
OVERSEAS TRADERS (5)
TEAS (7)
MINES (5)

NEW LOWS (1)

MINES (1)
Amal. Tin Nigeria

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	58	1	39
Corpns., Dom. and Foreign Bonds	21	1	42
Industrials	409	235	894
Financial and Prop.	246	28	239
Oils	5	17	12
Plantations	4	4	23
Mines	19	67	42
Recent Issues	15	5	21
Totals	777	358	1,292

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P/E Ratio
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS
GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Equity groups	Wed., Aug. 2, 1978 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 33%)	Est. P/E Ratio (Net)	Tues. Aug. 1 Index No.	Mon. July 31 Index No.	Fri. July 28 Index No.	Thurs. July 27 Index No.	Year ago Index No.
1	CAPITAL GOODS (170)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Wed., Aug. 2	Day's change %	xd adj. To-day	xd adj. 1978 to date
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST YIELDS

	Br. Govt. Av. Gross Red.	Wed., Aug. 2	Tues., Aug. 1
[illegible]	[illegible]	[illegible]	[illegible]

هكذا من الأصل

INSURANCE, PROPERTY BONDS

Cornhill Insurance Co. Ltd.

32, Cornhill, E.C.3. 01-626 5410

Cap. Feb Aug. 15	126.0	—	......	—
GS Spec Aug. 15	52.5	—	......	—
MnGthFd July 20	173.0	182.5	......	—

Credit & Commerce Insurance

120, Regent St., London W1R 5FE. 01-439 7081

C&C Mngd. Fd.	122.0	132.0	......	—

Crown Life Assurance Co. Ltd.♥

Crown Life Hse., Woking, GU21 1XW 04862 5033

Mang'd Fund Acc.	105.2	110.7	+0.1	—
Mang'd Fd. Incm.	105.2	110.7	+0.1	6.76
Mang'd Fd. Init.	104.2	109.6	+0.1	—
Equity Fd. Acc.	99.5	104.7	-0.1	—
Equity Fd. Incm.	99.5	104.7	-0.1	4.75
Equity Fd. Init.	97.9	104.2	-0.1	—
Property Fd. Acc.	96.3	101.3	+0.1	—
Property Fd. Incm.	96.3	101.3	+0.1	9.87
Property Fd. Init.	95.5	100.5	......	—
Inv. Tst. Fd. Acc.	109.1	114.8	+2.0	—
Inv. Tst. Fd. Incm.	109.1	114.8	+2.0	5.78
Inv. Tst. Fd. Init.	108.3	114.0	+2.0	—
Fixed Int. Fd. Acc.	98.4	103.5	+0.2	—
Fxd. Int. Fd. Incm.	98.4	103.5	+0.2	12.53
Inter'l. Fd. Acc.	117.7	123.8	-0.2	—
Inter'l. Fd. Incm.	117.7	123.8	-0.2	5.71
Money Fd. Acc.	96.3	101.3	......	—
Money Fd. Incm.	96.3	101.3	......	8.75
Dist. Fd. Incm.	105.9	111.4	+0.7	8.26
Crown Brt. Inv.'A'	155.3	—	......	—

Crusader Insurance Co. Ltd.

Vincula House, Tower Pl., EC3. 01-626 8031

Gth. Prop. July 4	70.9	80.4	......	—

Eagle Star Insur/Midland Ass.

1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	54.1	56.1	+0.4	6.02

Equity & Law Life Ass. Soc. Ltd.♥

Amersham Road, High Wycombe 0494 33377

Equity Fd.	118.1	124.3	+0.5	—
Property Fd.	107.1	112.7	......	—
Fixed Interest F.	109.3	115.0	......	—
Gtd. Deposit Fd.	99.5	104.7	......	—
Mixed Fd.	112.5	118.4	+0.1	—

Inv. Trust Fund		144.7	......	—
Property Fund		83.3	......	—

M & G Group♥

Three Quays, Tower Hill EC3R 6BQ 01-626 4588

Pers. Pension***	239.9		......	—
Conv. Deposit*	118.6	124.6	+0.1	—
Equity Bond**	141.6	148.8	......	—
Family 79-80**	165.3	—	......	—
Family 81-86**	198.6	—	......	—
Gilt Bond***	106.8	112.3	......	—
Internatnl. Bond**	105.0	110.4	......	—
Managed Bd.***	142.2	149.4	......	—
Property Bd**	159.3	167.4	......	—
Ex. Yield Fd. Bd.*	84.2	88.5	+1.3	—
Recovery Fd. Bd.*	65.0	68.3	+0.9	—
American Fd. Bd.*	54.7	57.6	+2.2	—
Japan Fd. Bd.*	57.9	60.9	+2.3	—

Prices on *August 2. **July 27. ***July 28.

Merchant Investors Assurance

223, High St., Leon Hse., Croydon. 01-686 9171

Property	154.2	......	—
Property Pens.	161.2	......	—
Equity	60.0	......	—
Equity Pens.	171.6	......	—
Money Market	142.4	......	—
Money Mkt. Pens.	184.0	......	—
Deposit	129.2	......	—
Deposit Pens.	141.0	......	—
Managed	106.9	......	—
Managed Pens.	139.2	......	—
Intl. Equity	108.3	......	—
Intl. Managed	105.6	......	—

NEL Pensions Ltd.

Milton Court, Dorking, Surrey. 5911

Nelex Eq. Cap.	82.3	86.6	......	—
Nelex Eq. Accum.	118.8	125.0	+1.2	—
Nelex Money Cap.	62.6	65.8	......	—
Nelex Mon. Acc.	66.7	70.2	......	—
Nelex Gth Inc Cap.	50.0	52.6	......	—
Nelex Gth Inc Acc.	51.3	54.0	......	—
Nel Mxd. Fd. Cap.	48.0	50.5	......	—
Nel Mxd. Fd. Acc.	48.8	51.3	......	—

Next Sub. day August 25.

For New Court Property see under Rothschild Asset Management

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

46th Floor, Connaught Centre, Hong Kong

Jardine Estn. Tst.	$HK293.94	......	2.50
Jardine J'pn. Fd.*	$HK362.70	......	0.90
Jardine S.E.A.	$US17.22	......	3.80
Jardine Flem. Int.	$HK10.95	......	—
Intl. Pac. Secs. (Inc.)	$HK12.97	......	—
Do. (Accum.)	$HK13.09	......	—

NAV July 14. *Equivalent $US78.09. Next sub. July 31.

CMF Ltd. June 29	$US12.5	12.07	......	—
CMT Ltd. June 29	£12.77	13.10	......	—
Metals Tst. July 20	£11.89	12.18	......	—
TMT July 14	$US10.30	10.57	......	—
TMT Ltd. July 14	£10.36	10.63	......	—

World Wide Growth Management

10a, Boulevard Royal, Luxembourg.

Worldwide Gth Fd	$US15.97	-0.30	—

NOTES

Prices do not include $ premium, except where indicated ✝, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 494-499

INSURANCE BASE RATES

† Property Growth	10¼%
† Vanbrugh Guaranteed	9.2%

† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1978 High	1978 Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
24	17	Antofagasta Rly....	24	.....	—	—
40	33	Do 5pc Pref	40	.....	—	—
98	98	Chilean Mixed	98	.....		f3 10
415	350	German Yng 4½pc	411	+1	4½	—
54	46	Greek 7pc Ass.	54	.....	3½	f6.48
51	46	Do 6pc 28 Stab Ass...	51	.....	6	f6 00
43	40	Do 4pc Mixed Ass...	43	.....	4	f4 65

BONDS & RAILS—Cont.

1978 High	1978 Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
55	42	Hung. '24 Ass......	55	......	4½	5.00
77	65	Iceland 6½pc '83-88	65	......	—	12.60
88	82½	Ireland 7¾pc '81-83	83	+¼	7½	12.30
91	79	Do 9¾pc '91-96......	83	+¼	9¾	12.75
395	265	Japan 4pc '10 Ass...	390	......	—	—
87	68½	Do 6pc '83-88	69	......	6	11.05
160	140	Peru Ass.3pc	140	......	3	2.16
75p	75p	S.G.I. 6½pc 1980......	75p	......	6½	8.67
$99	$94½	Turin 9pc 1991......	$94½	......	9	9.52
DM91	DM81	Turin 6½pc 1984	DM91	......	6½	10.70
97	94	Uruguay 3½pc......	97	......	3½	3.80

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 48½% (based on US$1.9257 per £)
Conversion factor 0.6768 (0.6707)

CANADIANS

S.E. List Premium 48½% (based on $2.1878 per £)

BANKS AND HIRE PURCHASE

1978 High	1978 Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's	P/E
29	19	Goode D't Mry 5p	23	....	0.13	—	0.8	—
133	96	Grindlays	130	....	2.79	7.1	3.2	4.6
260	185	Guinness Peat......	245	......	†10.15	—	6.2	—
217	155	Hambros	164xd	+4	9.76	—	8.9	—
100	81	Hill Samuel	92	+2	4.97	—	8.1	—
600	325	Do. Warrants......	375	......	—	—	—	—
347	203	Hong Shng $2.50.	333	+3	hQ59c	—	2.1	—
69	52	Jessel Toynbee......	62	......	h3.32	—	8.0	—
215	160	Joseph (Leo) £1...	215	......	8.74	—	6.1	—
52	37	Keyser Ullmann.	50	......	0.67	—	2.0	—

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

ELECTRICAL AND RADIO

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES

BRACKEN HOUSE, 10, CANNON STREET, LONDON EC4P 4BY
Telex: Editorial 886341/2, 883897. Advertisements: 885033. Telegrams: Finantimo, London PS4.
Telephone: 01-248 8000.
For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 12171 Tel: 240 555
Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Bonn: Pressehaus 11/104 Heussallee 2-10. Telex 8869542 Tel: 210039
Brussels: 39 Rue Ducale. Telex 23283 Tel: 512 9037
Cairo: P.O. Box 2040. Tel: 938510
Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321
Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4120
Frankfurt: Im Sachsenlager 13. Telex: 416263 Tel: 555730
Johannesburg: P.O. Box 2128. Telex 8-6257 Tel: 838-7545
Lisbon: Praca da Alegria 58-1D, Lisbon 2. Telex 12533 Tel: 362 508
Madrid: Espronceda 32, Madrid 3. Tel: 441 6772
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
Moscow: Sadovo-Samotechnaya 12-24, Apt. 15. Telex 7900 Tel: 294 3748
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel: (212) 541 4625
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.57.43
Rio de Janeiro: Avenida Pres. Vargas 418-10. Tel: 253 4848
Rome: Via della Mercede 55. Telex 61032 Tel: 678 3314
Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88
Tehran: P.O. Box 11-1879. Telex 212634 Tel: 682698
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104 Tel: 241 2920
Washington: 2nd Floor, 1325 E. Street, N.W., Washington D.C. 20004. Telex 440225 Tel: (202) 347 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4139
Frankfurt: Im Sachsenlager 13. Telex 16263 Tel: 554667
Leeds: Permanent House, The Headrow. Tel: 0532 454969
Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 238409 Tel: (212) 489 8300
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01
Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J 27104 Tel: 295 4050

Overseas advertisement representatives in Central and South America, Africa, the Middle East, Asia and the Far East.
For further details, please contact:
Overseas Advertisement Department, Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London

هكذا من الاصل

هكذا من الاصل

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
210	155	Falcon Rh.50c	165	-1	Q50c	1.3	25.9
24	15	Rhod'n Corp. 16⅔p.	16	......	0.57	7.1	5.3
80	52	Roan Cons. K4	67	......	—	—	—
175	122	Tanganyika 50p	165	......	Q10.0	1.2	6.1
90	78	Do. Pref 80p	87	......	Q9%	16.3	8.3
41	32	Wankie Col. Rh 1	35	......	†Q7½c	1.4	18.3
16½	10	Zam.Cpr.SBD0.24	13	......	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
15	10	Acmex 25c	14	......	—	—	—
135	64	Bougainville 50 Toea	133	-2	Q8c	1.4	3.8
125	63	BH South 50c	110	-2	—	—	—
820	150	Central Pacific	600	......	—	—	—
258	148	Conzinc Riotinto 50c	248	-4	Q10c	2.2	2.5
72	45	G.M. Kalgoorlie $1	62	......	—	—	—
60	18	Hanma Gold N.L.	55	-3	—	—	—
140	81	Hampton Areas 5p	132	-2	t3.55	2.0	4.0
40	10	Metals Ex. 50c	29½	-½	—	—	—
220	125	M.I.M. Hldgs. 50c	198	-4	Q9c	1.7	2.8
39	10	Mount Lyell 25c	29	......	—	—	—
6½	1½	Newmetal 10c	4¼	+¼	—	—	—
143	79	North B. Hill 50c	122	-1	Q8c	1.5	4.0
16½	8½	Nth. Kalgurli	16	-½	—	—	—
44	12	Nth. West Mining	38	-2	—	—	—
178	117	Oakbridge $A1	172	......	†Q11c	1.9	4.0
58	30	Pacific Copper	58	+4	—	—	—
£15¼	750	Pancont'l 25c	£15¼	......	—	—	—
40	12	Paringa M&Ex. 5p	29	-½	—	—	—
543	310	Peko-Wallsend 50c	538	......	Q15c	4.0	1.7
300	50	Southern Pacific	235	-15	—	—	—
160	84	Westn. Mining 50c	140	-2	‡Q6c	1.9	‡
70	35	Whim Creek 20c	45	-5	—	—	—

TINS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
30	23	Amal. Nigeria	23	-1	2.55	1.6	16.6
400	240	Ayer Hitam $M1	355	......	‡Q[illegible]c	0.9	‡
60	45	Beralt Tin	52	......	3.81	4.4	11.5
300	200	Berjuntai $M1	272xd	......	Q110c	φ	8.7
145	111	Geevor	130	......	5.07	φ	6.0
10	8½	Gold & Base 12½p	9½	......	—	—	—
300	220	Gopeng Cons.	290	......	15.23	0.9	7.9
165	130	Hongkong	160	......	—	—	—
93	78	Idris 10p	85xd	......	‡12.0	1.6	‡
11	9	Jantar 12½p	9	......	—	—	—
77	68	Kamunting $M0.50	74	......	ZQ15.5c	0.7	4.5
510	450	Killinghall	470	......	Q125	φ	26.7
415	280	Malay Dredging $M1	395	......	†Q95c	0.8	5.2
73	40	♦Pahang	68	......	†Q3.75c	0.5	‡
62	50	Pengkalen 10p	58	......	6.60	1.3	17.0
235	165	Petaling $M1	230	......	†Q80c	1.6	8.0
61	49	Saint Piran	53	-3	g2.02	4.6	5.7
61	47	South Crofty 10p	51	......	4.19	2.0	12.3
220	140	South Kinta $M0.50	205	......	†Q77.6c	1.4	8.2
330	230	Sthn Malayan $M1	305	......	†Q13.3c	1.1	9.2
228	134	Sungei Besi $M1	205	......	Q65c	φ	6.3
78	55	Supreme Corp. $M1	78	......	ZQ10c	—	2.8
100	85	Tanjong 15p	88xd	......	6.60	0.8	11.2
100	74	Tongkah Hrbr. $M1	92	......	[illegible]	1.6	‡
233	148	Tronoh $M1	220	......	ZQ88c	1.6	8.6

COPPER

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
100	70	Messina R0.50	86	......	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or —	Div. Net	Cvr	Y'ld Gr's
61	35	Barymin	51	-1	—	—	—
17	9	Burma Mines 17½p.	14	......	—	—	—
300	215	Cons. Murch. 10c	230	......	‡Q30c	2.6	‡
465	245	Northgate C$1	375	-5	—	—	—
234	164	R.T.Z.	230	-2	9.64	2.8	6.3
90	30	Sabina Inds. C$1	55	+1	—	—	—
£12	750	Tara Exptn. $1	875	......	—	—	—
45	43	Tehidy Minerals 10p	45	......	1.35	φ	4.5
180	120	Yukon Cons. C$1	176	+3	Q7c	2.9	1.9

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ∆ Sterling denominated securities which include investment dollar premium.
- • "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- †† Unlisted security.
- ρ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- ▯ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¼ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 32

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London are as quoted on the Irish exchange.

Albany Inv. 20p	24	......
Ash Spinning	44	......
Bertam	21	......
Bdg'wtr. Est. 50p	305	......
Clover Croft	26	......
Craig & Rose £1	480	......
Dyson (R. A.) A.	38	......
Ellis & McHdy	61	......
Evered	16½	......
Fife Forge	50	......
Finlay Pkg. 5p	23	......
Graig Ship. £1	115	......
Higsons Brew.	77	......
I.O.M. Stm. £1	155	......
Holt (Jos.) 25p	263	......
Nthn. Goldsmith	56	-1
Pearce (C. H.)	182	......
Peel Mills	20	......
Sheffield Brick	45	-1
Sheff. Refrshmt.	58xd	......
Sindall (Wm.)	105	......

IRISH

Conv. 9% '80/82.	£92¾	+⅛
Alliance Gas	66	......
Arnott	354	......
Carroll (P.J.)	107	+1
Clondalkin	102	-4
Concrete Prods.	145	......
Heiton (Hldgs.)	55	......
Ins. Corp.	160	......
Irish Ropes	130	-5
Jacob	67	......
Sunbeam	33	+1
T.M.G.	205	+10
Unidare	95	......

OPTIONS

3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	20	Tube Invest.	30
A.P. Cement	18	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	3¾
Bowaters	16	Lex Service	7	Cap. Counties	4½
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lofs"	4	Intreuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	16
Burton 'A'	12	Lonrho	5	MEPC	12
Cadburys	5	Lucas Inds.	25	Peachey	8
Courtaulds	10	Lyons (J.)	10	Samuel Props.	9
Debenhams	8	"Mams"	7	Town & City	1¼
Distillers	15	Mrks. & Spncr	10	**Oils**	
Dunlop	7	Midland Bank	25	Brit. Petroleum	65
Eagle Star	11	N.E.I.	12	Burmah Oil	5
E.M.I.	14	Nat. West. Bank	22	Charterhall	3
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	18	P & O Dfd.	8	Ultramar	20
Glaxo	40	Plessey	8	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	20	Rank Org. 'A'	18	Cons. Gold	14
Guardian	18	Reed Intnl.	12	Rio T. Zinc	16
G.K.N.	22	Spillers	3		
Hawker Sidd.	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES

Thursday August 3 1978

Diplomatic Service changes rejected

BY REGINALD DALE

THE GOVERNMENT has rejected all the most controversial recommendations of last year's "Think-Tank" report calling for major cuts in Britain's overseas representation.

Among the proposals dismissed in a White Paper published yesterday were those urging a merger between the Diplomatic Service and the Home Civil Service and the creation of a new Foreign Service Group. Also rejected is the closure of about a quarter of the U.K.'s 222 overseas posts, the abolition of the British Council and a major shake-up in the BBC external broadcasting services.

The White Paper challenges the report's underlying thesis that the country's reduced power and impaired economic circumstances no longer justify the maintenance of a "Rolls-Royce" diplomatic service.

On the contrary, it says that with diminished power yet continuing world-wide interests, the UK's future depends more than ever on the skills of its representatives overseas.

Responsibility for the overall conduct of overseas relations will continue to be vested in a single Cabinet Minister, the Foreign Secretary, so that "the right level of political co-ordination and input is maintained."

A separate Diplomatic Service will be maintained because of its advantages as a small, flexible and professional service.

Nevertheless, the Government accepts many of the report's more detailed recommendations, agrees that there is scope for further economies and staff cuts, and accepts the need for much closer links between the Diplomatic Service and domestic departments.

Up to 11 subordinate posts are to be closed, and "mini-missions"—*normally with no* more than two diplomats—will be established in countries where British interests are limited.

Defence staff abroad are to be cut by 25 per cent, the Foreign Office's research department by 17 per cent and overseas information staff by 16.5 per cent (Diplomatic Service) and 10.5 per cent (locally engaged staff).

The cuts include a reduction from 68 to 45 in the staff of the British Information Services in New York, recentl yunder fire from Mr. Peter Jay, the British Ambassador in Washington.

The White Paper, on the other hand, rejects the report's contention that many more overseas tasks could be handled by visitors from the UK and that spending on entertainment abroad should be halved.

The present level of consular services should be maintained, but the service should be made self-financing through increases in consular and passport fees, the Government says.

A main feature of the White Paper is the increasing emphasis on job interchanges between the Foreign and Commonwealth Office and domestic departments.

The Government is to set up a programme aimed at securing about 200 exchanges—100 in each direction—over the next four to five years, in addition to the 193 existing ones.

Details Page 9. Editorial Comment Page 18

Lorry drivers seek rise of over 20%

BY NICK GARNETT, LABOUR STAFF

THE TRANSPORT and General Workers Union has decided to submit claims for pay rises of between 20 and 30 per cent for private haulage lorry drivers, one of the most significant groups to *breach Phase Three of the* Government's pay policy.

Settlements within private haulage help to set the pace for the country's 1m lorry drivers, including those employed directly by manufacturing companies.

The latest claim, well in excess of the Government's Phase Four pay policy target, was lodged by senior shop stewards at a meeting with national officials. It involves a rise of about 23 per cent on a basic 40-hour week but could be considerably more when overtime is taken into account.

A 35-hour week without loss of pay is also being sought, but negotiators say this is of less importance than the money.

Although the claim was based on the submissions from lorry driver representatives before last month's Phase Four White Paper was published, negotiators say there will be no chance of any settlement based on the Government's 5 per cent guideline.

Mr. Jack Ashwell, the union's national transport secretary, said 5 per cent was "out of the question" while there was no room for productivity deals because drivers already worked to the limit allowed under the law.

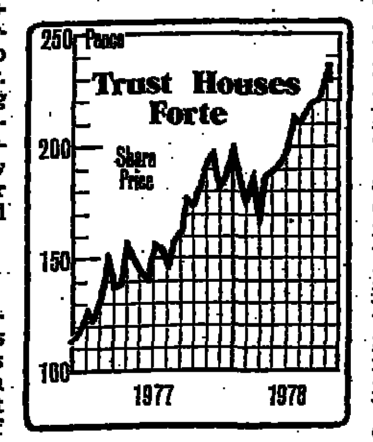
The regions of the Road Haulage Association will almost certainly attempt to stick rigidly to the Phase Four guidelines following sanctions imposed by the Government on some of their members for being party to deals breaching Phase Three.

The regions' deals ranged up to 15 per cent (against 10 per cent allowed) giving drivers of large capacity lorries a wage of £53 for 40 hours, and some now guarantee a certain amount of overtime. The new claim is for £65 for 40 hours.

THE LEX COLUMN

Allied unties the knot

Index fell 0.2 to 495.3



There was no headlong rush into the new long tap, as expected, and although the reserve figures were a little disappointing the gilt-edged market concluded that this was no bad thing for the money supply. *Meanwhile, everyone is waiting* to see what happens to MLR today. Short term rates have certainly eased over the last few days. But there is no case for anything more than a nominal cut.

Allied/THF

Between 10.30 am and lunchtime yesterday, the institutions swallowed over £55m of shares in Trust Houses Forte with scarcely a hiccup. The discount on the market price ahead of the sale was just about 5 per cent. Admittedly the job was made easier by the fact that THF started off with a relatively small level of institutional holdings, and the share price already reflected the widespread assumption that Allied Breweries was going to dump its holding sooner or later. But the fact that such a big operation went so smoothly certainly seems to confirm the underlying strength of the equity market.

For Allied, the logic of a large investment in *THF disappeared* years ago, if it ever existed. The only question was one of price, and a figure of 225p a share had been pencilled in some months ago. This has been achieved in double quick time, helped by the probability that THF is one of the gainers from the new dividend legislation.

The disposal brings Allied a gross capital gain of about £8¼m, which by coincidence is roughly what the whole investment was written down to in the dark days of 1974. And the cash will come in handy in a year when spending on fixed assets and working capital could exceed net operating cash flow by *roughly £20m or £30m.*

However Allied must not preen itself too ostentatiously. After all, its flirtation with THF —after including capital gains tax and carrying expenses—has cost it dearly.

Oil tax

At first sight the Government's proposals for increasing the tax take from North Sea oil do not look particularly tough. But the logic behind the plan seems to be to split total profits from the North Sea in the ratio of 75 to the Government, and 25 to the oil companies. This compares with the old target of 70:30 and an outcome which looked more like 67:33 if no changes were made. *On the basis of these* assumptions the overall effect of yesterday's changes is a reduction in North Sea earning of as much as 25 per cent. The other side of the calculation is that the Government tax take will increase by 10 per cent over the next seven years, to run at an annual level of £4.5bn from the mid-80s.

Oil share prices were marked down further in nervous trading after the news and a number of oil analysts reckon that the potential impact on BP's earnings next year could be an earnings decline of 15p per share or more. This seems on the high side: Wood Mackenzie reckons that BP's earnings next year stand to fall from 181p to 170p per share.

Where the change, if it happens, will really be felt is on the development of new fields. Under the proposed terms it will be much harder to cover initial finance costs on fields that are anyway likely to become increasingly difficult to develop.

Dixons

Last year Dixon Photographic was boasting that it was "in the forefront of growth companies" having increased its profits over tenfold in just six years. By contrast this year's performance —pre-tax profits are 9 per cent higher at £9.5m on a 20 per cent increase in sales — looks decidedly pedestrian.

Dixons' early growth and stockmarket following was built up on its traditional chain of photographic shops. Last year this side of the business flourished, helped by the [illegible] of the consumer boom. Profits were up by over a third although sales rose by no more than [illegible] per cent. In the first three months of the current year sales are up by a fifth or so, and profits growth seems bound to be very healthy.

Unfortunately, Dixons' acquisition of Weston Pharmaceuticals a couple of years ago is taking longer to come right than anticipated. On top of the problems peculiar to Weston, Dixon is also now faced with the possible collapse of retail *price maintenance in the pharmaceutical* market, and the implications for margins are bearish. In addition, Dixons' overseas operations which now account for around a third of group sales, are still lagging well behind the domestic side in terms of profit growth and overall *profitability.* Until there are signs of a fundamental improvement in these two areas Dixons' share price which [illegible] 7p to 145p last night, is going to be held back by a yield of 2¼ per cent.

Orme Developments

If directors of a company in receipt of a bid start buying shares in their business, it [illegible] reasonable to assume that they are acting in concert. The Takeover Panel thinks so too and there was never any real doubt that in buying 1m shares in Orme Developments after Orme had received a bid from Comben, St. Piran had incurred a technical obligation to bid for the rest of the company. St. Piran has three directors on the board, and the purchase meant that Orme directors spoke for more than 30 per cent of the company—the level at which a bid becomes mandatory.

However St. Piran's chairman bought the shares on his own initiative, and the Panel has decided that he would not have done so had he realised the consequences. Ignorance of the rules should be no excuse for breaking them. But in this case, no one's interests would have been served by forcing a bid, since St. Piran's capitalisation is less than two-thirds that of Orme. And St. Piran has incurred some penalty, since it has been told to sell the 1m shares in toto rather than just 600,000 or so which would have taken the joint interests down to under 30 per cent.

Laker wins battle for Los Angeles flights

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SIR FREDDIE LAKER, chairman of Laker Airways, yesterday won another major battle to extend cheap fares, when he was awarded the right to run Skytrain flights to Los Angeles at less than half the present normal fares.

Fares on the Skytrain from Gatwick to Los Angeles, starting on September 26, will be £84 single ($162) in the off-peak—winter, spring and autumn—periods, and £96 single ($185) in the peak months of June, July and August. From Los Angeles to Gatwick, the single fare will be $220 (£114) basic and $248 (£128) in the peak.

These compare with the present Stand-By and Budget Plan single fares from London Heathrow to Los Angeles by scheduled airlines such as British Airways of £89, basic of £99, for a strictly limited number of seats.

The normal Economy Class single fare, however, is £269.50 basic and £307 in the peak, while Economy Class excursion return rates are £363 basic (£451.50 peak) for a 22-45 days ticket, and £420 basic (£469 peak) for a 14-21 days ticket.

The decision, announced yesterday by the Department of Trade, means that British Caledonian has lost its fight to retain its own licence to fly to Los Angeles.

Mr. Adam Thomson, chairman of British Caledonian, said yesterday that his airline did not intend to carry the Los Angeles route fight any further, but would concentrate instead on its existing services to Houston and its bids for rights to other U.S. cities such as Dallas/Fort Worth, New Orleans, Pittsburgh, Cleveland, Minneapolis/St. Paul and Denver.

Sir Freddie Laker said that he planned to start his Los Angeles Skytrain on September 26, the first anniversary of the Skytrain flights to New York. He will using 345-seater DC-10 jets, flying once daily each way, with a refuelling stop at Bangor, Maine. When bigger, longer-range DC-10s now on order are delivered, flights will be non-stop.

The Los Angeles venture seems likely to be an instant success. Sir Freddie has said that he has carried nearly 200,000 New York Skytrain passengers so far, and has made over £1m profit.

British Caledonian, which has held the Los Angeles licence for some time, although it has not used it since it retrenched on some of its operations in 1974, fought a vigorous campaign to retain it.

A recent brochure, circulated to MPs and others, had asked: "*Is Britain about to get on the* wrong aeroplane to Los Angeles?" British Caledonian offered a six-level package of fares on the route, ranging from £556 first-class single to the lowest "eleventh hour" fare of £69 single, which would have undercut the Skytrain rate of £84 by £15.

But the Civil Aviation *Authority dismissed British* Caledonian's proposals in favour of Laker, and it is that decision which has now been upheld by Mr. Edmund Dell, the Trades Secretary, on appeal.

British Caledonian had earlier said that it bore Sir Freddie no ill-will, adding that his "dogged perseverance has assisted the necessary break-down of the rigid fare structure on the North Atlantic."

British Caledonian said it believed that the business traveller would suffer as a result of the decision.

Drop sanctions move Davies tells Tories

BY PHILIP RAWSTORNE

CONSERVATIVES would not support renewed sanctions against Rhodesia if there were a realistic prospect of free elections under the internal settlement before the end of the year, Mr. John Davies, Tory Foreign Affairs spokesman, told the Commons yesterday.

But he urged the 90 Tory backbenchers who have called for immediate lifting of sanctions to drop their demand.

If a Conservative government had to deal with the Rhodesian question, it was vital that it did so from a position of "unassailable legitimacy," he said.

The renewal of the Rhodesian sanctions Order in November could not be supported, however, if the elections planned for early December looked likely to go ahead.

Mr. Davies secured a united Tory front with an abrasive condemnation of the Government's policy toward the internal settlement as "weak-kneed and incompetent."

He warned that a massive change was needed in the Government's approach if the Tories were to continue a bipartisan policy.

The internal settlement was faltering because of the Government's neglect, Mr. Davies said. The Patriotic Front felt that it had only to intensify the fighting for the country to fall into its hands "like a ripe plum."

Challenged by Labour MPs, Mr Davies admitted that it was not possible to recognise the new régime because it had not yet been given majority support in free elections. "We could not recognise it, but we would support it," he snapped.

A mission should be established in Salisbury to help prepare for the elections, and an "observer corps" created to supervise them. "This would create the circumstances in which the contesting parties could meet on an equal footing," he said. "It would tilt the *balance between the parties to* something nearer normality."

Dr. David Owen, the Foreign Secretary, opening the debate, warned that lifting of sanctions would bring Britain into immediate conflict with the United Nations, the Commonwealth, African States and her Western allies.

Such a move would result in a complete loss of influence over Rhodesia's future, he declared.

The Government had a majority of six (171 votes to 167) at end of debate.

Sithole defends raid story, Page 3. Parliament, Page 9.

£50m order for Scott Lithgow

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

SCOTT LITHGOW, the Lower Clyde shipyard, has won a £50m contract to build a North Sea emergency support vessel for British Petroleum.

An announcement on the contract is expected within the next few weeks, but BP has already decided to put the work with Scott Lithgow, a member of British Shipbuilders, rather than with Harland and Wolff, the only other shipyard on the final short list.

News of the order comes at a critical time for the Port Glasgow group. Its main Kingston yard is now nearing the end of an order for two supertankers for Niarchos in the knowledge that the Greek company wants to renegotiate the contract for at least one of them.

Scott Lithgow plans to start building BP's semi-submersible fire-fighting and maintenance vessel behind the final section of the second Niarchos ship, but will first have to spend £3m strengthening the construction pad.

Scott Lithgow's need for this initial capital outlay was one of Harland and Wolff's strongest points in bidding for the contract. The final decision on placement, however, was bound to owe as much to political as commercial considerations.

The semi-submersible, in which the British National Oil Corporation is to take a stake, will serve in the Forties Field when it comes into service in 1981.

Part of the steelwork for the contract will be done farther up the Clyde at Govan Shipbuilders. This will be the first instance of two British shipbuilders companies co-operating on a contract to speed up delivery.

Orders for between 10 and 12 emergency support vessels for the North Sea are expected in the next few years. The Department of Energy has made it clear to oil companies that it expects orders to be placed in Britain.

The next available order will probably be from Shell UK Exploration and Production for its Brent field. Scott Lithgow will be unable to accommodate this order in addition to the BP vessel, but several other British Shipbuilders companies, including Swan Hunter, Cammell Laird and Smith's Dock, are likely to join Harland and Wolff in the bidding.

In the past week, Harland and Wolff has received two important orders, totalling £44m, from British Rail and British Steel. This clears the way for a timely announcement of a heavily Government-influenced order for Clydeside.

Piran censured on share deal

BY JAMES BARTHOLOMEW

THE CITY Take-over Panel has censured Saint Piran, the mining and construction group, for "regrettable lack of care" in its purchase of 1m shares in Orme Developments last Friday. The Panel is insisting that the shares *should be sold within 48 hours* of the resumption of dealings this morning.

The 1m shares took the total stake of Piran, together with parties which the Panel had deemed to be "acting in concert," beyond the 30 per cent level at which a bid would normally be required at the highest price paid under Rule 34 of the Take-over Code. But the Panel has not insisted on a bid because it believes that the triggering of Rule 34 was inadvertent.

"The evidence suggests," says the Panel's statement, "that had Mr. W. J. R. Shaw (the chairman of Piran) appreciated the consequences of these purchases and the onerous obligation that might thereby be imposed on Saint Piran, he would not have *issued his instruction to the* brokers."

The Panel had issued a provisional ruling on July 21 that there would be grounds for regarding Saint Piran and two directors of Orme, Mr. Bob Tanner and Mr. Peter Whitfield, as parties acting in concert if Mr. Tanner and Mr. Whitfield sold part of their stake in Orme to Piran. Three days later these *two directors went ahead and* agreed to sell Piran 22.09 per cent of Orme, retaining 5.07 per cent. Piran was granted three nominees on the Board of Orme.

Comben Group announced a cash and shares offer for Orme worth £10m or 56.2p per share on July 27. According to the Panel, this bid made the case for regarding Piran and Messrs. Tanner and Whitfield as parties in concert all the stronger. There is a presumption under the Takeover Code that directors are acting in concert when a bid for their company has been announced.

Mr. Shaw, *however,* is said to have been unaware of the limitation on Piran's freedom to deal. On July 28, on his own initiative and without informing any of his colleagues, he telexed separately two stockbrokers, Joseph Sebag and Co., and Foster and Braithwaite, instructing them to buy 500,000 Orme shares each on behalf of Piran.

The Panel's insistence that *Piran should sell the whole 1m* shares involves an element of punishment since only 628,000 would need to be sold to return below the 30 per cent level.

The highest price Piran paid in acquiring its 1m shares was 59p per share and the average price was 57.7p per share. The suspension price was 56½p per share

Anti-dumping move over styrene

BY KEVIN DONE, CHEMICALS CORRESPONDENT

WEST EUROPEAN chemicals producers, concerned at the parlous state of the aromatics sector of the petrochemicals industry, are urgently preparing an anti-dumping case against North American styrene manufacturers.

They have also rejected the latest U.S. offer in the Tokyo round of international trade *negotiations and there is mounting* anxiety about low-price imports of other commodity chemicals, particularly from Comecon countries and the U.S.

The case against North American styrene producers is fairly well advanced, according to the European Council of Chemical Manufacturers' Federations. It hopes to submit its case later this month.

Styrene is an important petrochemical intermediate used in the manufacture of plastics and synthetic rubber. It is derived from the basic petrochemicals ethylene and benzene.

According to the Federations' investigations, styrene is coming into the European market through Rotterdam at damagingly low prices. The U.S. export *price is claimed* to be 15-25 per cent, $50-$100 a tonne, below domestic prices.

Much of the styrene produced by West European chemical groups is used captively for downstream products, such as the plastics, polystyrene and ABS, and the synthetic rubber, SBR. But the low-price imports running at more than 100,000 tonnes a year are now taking as much as 20 per cent of the merchant sector of the West European market.

Two other anti-dumping cases have already been submitted to the Commission. West European producers have alleged that the disruptive pricing of imports of SBR synthetic rubber from the Eastern block countries has led to major losses of market and earnings.

According to the Federations, Community imports of SBR from Eastern Europe have more than doubled over the past four years to about 54,000 tonnes last year, or nearly 12 per cent of the market.

The dumping charge names six East European countries, the USSR, Czechoslovakia, Bulgaria, Romania, Poland, and East Germany, and imported SBR prices are said to be 20 to 28 per cent below local manufacturers' list prices.

The worst-hit market is the Dutch, where East European imports last year took a 30 per cent share of sales.

It has been notoriously difficult to prove anti-dumping cases against state-trading countries, and the West European chemical producers are divided on how they can speed up the procedure.

Some producers particularly those in Italy, France and Holland, have called for the introduction of a reference price system on a trial basis. Soda ash and PVC are both products that are being considered as potential test cases.

Advocates of the scheme want to establish a "cost-based normal value" for certain sensitive products, based on production costs of the most efficient EEC producer. The French and Italians would like to see this established as a trigger price for Comecon imports. Dumping would exist as soon as prices fell below this level.

But the scheme has found little favour in the UK and particularly in West Germany, where opposition could stop the initiative.

The West German Economics Ministry has told the country's Chemical Industries Association in a recent confidential letter that it is disturbed at its willingness to collect economic data and make it available to the Commission in Brussels.

The West German Government says the collection of data on capacities, production and market growth contains hidden dangers and could lead the way to a controlled and protectionist economy.

The Industries Association has replied that it is firmly committed against any central direction of investment. But it is hoping that the collected data, much of which is already published on a national basis, will encourage European governments to stop providing financial subsidies for companies to extend plants in sectors where there is already serious surplus capacity.

But *apart from combating* dumping from Comecon countries West European chemical producers' concern has focused most urgently on the aromatics sector, where low-priced imports from the U.S. of benzene or derivative products have seriously undermined European markets, and caused plant closures

EEC duty on styrene imports is 6.4 per cent, while the equivalent U.S. level on imports is 18 per cent, which represents a difference of up to £25 to £30 a tonne.

Weather

UK TODAY

MAINLY DRY with bright spells.

London, E. Anglia, S. England, E. Midlands

Showers first becoming mainly dry. Max. 19C (66F).

E., N.E. and Cent. N. England

Rain at first, becoming mainly dry. Max. 17C (63F).

W. Midlands, N. Wales, N.W. England, Lakes, Isle of Man

Scattered showers and bright intervals. Wind moderate to fresh. Max. 18C (64F).

Borders and E. Scotland

Occasional rain or drizzle slowly dying out. Hill and coast fog. Max. 15C (59F).

Channel Isles, S.W. England, S. Wales

W. Scotland, Cent. Highlands, Ulster

Mainly dry with bright intervals. Max. 17C (63F).

Outlook: Becoming mostly dry

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amstrdm.	C	20	68	Luxembrg.	C	18	64
Athens	S	30	86	Madrid	C	29	84
Bahrain	S	37	99	Manchstr.	C	19	66
Barcelona	S	25	77	Melbourne	C	12	54
Beirut	F	27	81	Milan	F	27	81
Belfast	C	16	61	Montreal	S	22	72
Belgrade	S	29	84	Moscow	R	26	79
Berlin	R	24	75	Munich	F	21	70
Birmghm.	R	16	61	Newcastle	C	14	57
Bristol	C	17	63	New York	C	24	75
Brussels	F	20	68	Oslo	S	26	79
Budapest	S	27	81	Paris	C	19	66
B. Aires	S	18	64	Perth	S	17	63
Cairo	S	35	95	Prague	C	21	70
Cardiff	C	17	63	Reykjavik	C	13	55
Chicago	C	25	77	Rio de J'o	S	29	84
Cologne	F	21	70	Rome	S	30	86
Copnhagn.	S	24	75	Singapore	S	31	88
Dublin	C	16	61	Stockholm	F	27	81
Edinbrgh.	C	14	57	Strasbrg.	S	24	75
Frankfurt	F	22	72	Sydney	S	18	64
Geneva	S	24	75	Tehran	S	31	88
Glasgow	C	13	55	Tel Aviv	S	30	86
Helsinki	S	27	81	Tokyo	S	34	93
H. Kong	S	31	88	Toronto	C	25	77
Jo'burg	S	18	64	Vienna	C	24	75
Lisbon	S	21	70	Warsaw	S	27	81
London	R	15	59	Zurich	S	22	72

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	S	27	81	Las Plms.	S	23	73
Algiers	C	39	102	Locarno	F	23	73
Biarritz	S	22	72	Luxor	S	36	97
Blackpool	F	23	73	Majorca	C	29	84
Bordeaux	S	20	68	Malaga	S	27	81
Boulogne	C	15	59	Malta	S	30	86
Casablnca.	F	23	73	Nairobi	C	20	68
Cape Town	S	16	61	Naples	S	31	88
Corfu	S	28	82	Nice	S	25	77
Dubrovnik	S	29	84	Nicosia	S	29	84
Faro	S	24	75	Oporto	S	19	66
Florence	F	29	84	Rhodes	S	25	82
Gibraltar	S	25	77	Salzburg	C	19	66
Guernsey	C	14	57	Tangier	S	24	75
Innsbruck	C	17	63	Tenerife	F	20	68
Inverness	F	15	59	Tunis	S	35	95
I. of Man	F	19	66	Valencia	F	28	82
Istanbul	C	22	72	Venice	S	28	82
Jersey	C	15	59				

S—Sunny. F—Fine. C—Cloudy. R—Rain.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.